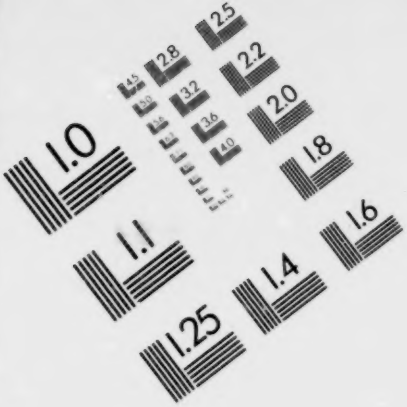

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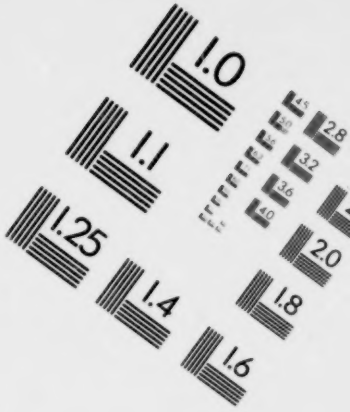

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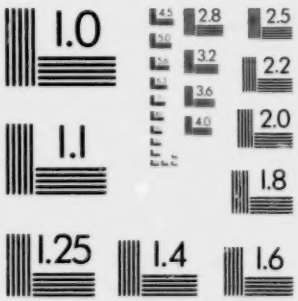

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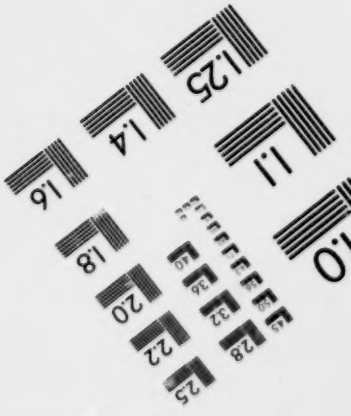

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United Nations

Advisory Committee on Administrative and Budgetary Questions

First to Sixteenth Reports on the Programme Budget for the Biennium 1998-1999

General Assembly
Official Records
Fifty-third session
Supplement No. 7 (A/53/7 and Add.1-15)

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Advisory Committee on Administrative and Budgetary Questions

First to Sixteenth Reports on the Programme Budget for the Biennium 1998-1999

United Nations • New York, 1999

Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Document A/53/7

First report

Activities of the Advisory Committee on Administrative and Budgetary Questions during the fifty-second session of the General Assembly

[Original: English]
[16 September 1998]

I. Introduction

1. The major functions of the Advisory Committee on Administrative and Budgetary Questions, as defined by the General Assembly in its resolution 14 (I), section A, of 13 February 1946, are:

(a) To examine and report on the budget submitted by the Secretary-General to the General Assembly;

(b) To advise the General Assembly concerning any administrative and budgetary matters referred to it;

(c) To examine on behalf of the General Assembly the administrative budgets of the specialized agencies and proposals for financial arrangements with such agencies;

(d) To consider and report to the General Assembly on the auditors' reports on the accounts of the United Nations and of the specialized agencies.

2. The "budget" examined by the Advisory Committee not only includes the regular assessed budget but also extrabudgetary expenditures, as well as the financing of the various peacekeeping operations. In accordance with rule 157 of the rules of procedure of the General Assembly, the Committee shall perform such other duties as may be assigned to it under the Financial Regulations of the United Nations. In addition, the Committee reports on administrative budgets and other matters to the governing bodies of the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the Office of the United Nations High Commissioner for Refugees (UNHCR) (voluntary funds), the United Nations Environment Programme (UNEP) (Environment Fund), the United Nations Habitat and Human Settlements Foundation (UNHHSF), the United Nations Institute for Disarmament Research (UNIDIR), the United Nations Institute for Training and Research (UNITAR), the United Nations University (UNU), the World Food Programme (WFP), the United Nations International Drug Control Programme (UNDCP) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

3. Under rule 156 of the rules of procedure of the General Assembly, the members of the Advisory Committee, no two of whom shall be nationals of the same State, shall be selected on the basis of broad geographical representation, personal qualifications and experience.

4. During the reporting period, the members of the Advisory Committee were:

Mr. C. S. M. **Mselle** (Chairman)

Mr. Leonid E. **Bidny** (Vice-Chairman)

Mr. E. Besley **Maycock**

Ms. Norma **Goicochea Estenoz**

Mr. Ioan **Barac**

Mr. Mahamane Amadou **Maiga**

Mr. Giovanni Luigi **Valenza**

Mr. **Tang** Guangting

Mr. José Antônio **Marcondes de Carvalho**[1]

Ms. Denise **Almao**

Mr. Gérard **Biraud**

Mr. Ammar **Amari**

Mr. Syed **Akbaruddin**

Mr. Fumiaki **Toya**

Mr. Klaus **Stein**

Mr. Hasan M. **Jawarneh**

5. During the fifty-second session of the General Assembly, the meetings of the Advisory Committee were organized into three sessions held in New York: from 2 September to 19 December 1997, from 3 February to 27 March 1998 and from 4 to 20 May 1998. The Committee also met in The Hague from 25 to 27 May 1998, in Geneva from 28 May to 12 June 1998 and in Vienna from 15 to 19 June 1998. The present report discusses in general terms the matters that were before the Committee at each of those locations. With the exception of the comments indicated below, under the sections for the meetings in The Hague, Geneva and Vienna, the Committee will include its detailed comments and recommendations on discussions held with various organizations and units of the United Nations system in the relevant reports of the Committee to be submitted to the corresponding governing bodies and to the General Assembly at its fifty-third session.

6. Under the terms of General Assembly resolutions 49/233 A of 23 December 1994 on the administrative and budgetary aspects of peacekeeping operations and 52/223 of 22 December 1997 on unforeseen and extraordinary expenses for the biennium 1998-1999, in accordance with existing procedures, the Advisory Committee replied by letter to various requests of the Secretary-General during the fifty-second session of the Assembly. In most cases, the Committee authorized the Secretary-General to enter into commitments in respect of the financing of various peacekeeping operations. A list and summary of the Committee's letters to the Secretary-General is contained in the annex to the present report.

7. In the paragraphs below, in the section entitled "Meetings held in New York", reference is made to reports that were prepared by the Advisory Committee on administrative and budgetary matters of United Nations funds and programmes and

were not submitted directly to the General Assembly. These are also listed in the annex.

II. Meetings held in New York

8. During its sessions in New York, the Advisory Committee considered a number of reports related to the United Nations regular budget, United Nations peacekeeping operations and other administrative and budgetary matters of the United Nations and of its funds and programmes. In the course of its consideration of the reports, the Committee met with representatives of the Secretary-General and of the executive heads of funds and programmes. The Committee's reports to the General Assembly at its fifty-second session are listed in the annex to the present report.

Office of the United Nations High Commissioner for Refugees

9. In September 1997, the Advisory Committee met with representatives of the Office of the United Nations High Commissioner for Refugees to consider the reports on UNHCR activities financed by voluntary funds in respect of the period from 1996 to 1998, on programme and funding projections for 1997 and 1998 and on measures taken or proposed in response to the recommendations of the Board of Auditors for 1996. The Advisory Committee also had before it UNHCR conference room papers on issues dealing with audit certification, training and evaluation of UNHCR implementing partners and the review of the categories of programme delivery and administrative support costs. The observations and recommendations of the Advisory Committee were submitted to the Executive Committee of the High Commissioner's programme and appear as the Advisory Committee's document dated 25 September 1997 (A/AC.96/884/Add.3).

World Food Programme

10. By his letter dated 1 October 1997, the Chairman of the Advisory Committee informed the Executive Director of the World Food Programme that the Committee had considered the budget proposal of WFP for the biennium 1998-1999 and its reports on the proposed use of interest income and the appointment of an external auditor for the term July 1998 to June 2002. The report of the Committee (WFP/EB.3/97/4-A/Add.2) was attached to the letter of the Chairman of the Committee and placed before the Executive Board of WFP at its third regular session of 1997.

United Nations Relief and Works Agency for Palestine Refugees in the Near East

11. The report of the Advisory Committee on the proposed budget estimates of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium 1998-1999 was communicated to the Commissioner-General by a letter dated 8 October 1997 from the Chairman of the Committee.

United Nations University

12. By his letter dated 12 November 1997, the Chairman of the Advisory Committee informed the Rector of the United Nations University that the Committee had considered the University's proposed academic programme and budget for the biennium 1998-1999. The report of the Committee (UNU/C/44/L.4/Add.1) was attached to the letter from the Chairman.

Fund of the United Nations International Drug Control Programme

13. The report of the Advisory Committee on the proposed final support budget for the biennium 1996-1997 and the proposed initial support budget for the biennium 1998-1999 of the Fund of the United Nations International Drug Control Programme (E/CN.7/1997/16) was attached to a letter dated 14 November 1997 from the Chairman of the Committee addressed to the Executive Director of UNDCP. The Committee also had before it an advance copy of the revised programme budget for the biennium 1996-1997 and the proposed programme budget for the biennium 1998-1999.

United Nations Children's Fund

14. During its first session in New York (2 September-19 December 1997), the Advisory Committee considered the biennial support budget for 1998-1999 of the United Nations Children's Fund. The Committee's report (E/ICEF/1998/AB/L.2) was attached to a letter from the Chairman of the Committee, dated 17 December 1997, addressed to the Executive Director of UNICEF. In addition, during its third session in New York (4-20 May 1998), the Committee initiated its review of the report of the Executive Director of UNICEF on recovery policy and concluded consideration of the matter during its meetings in Geneva. The report of the Committee (E/ICEF/1998/AB/L.12) was attached to a letter dated 11 June 1998 from the Chairman of the Committee addressed to the Executive Director.

III. Meetings held in The Hague

15. On 25 May 1998, the Advisory Committee met with members of the International Court of Justice and its Registrar at the Peace Palace in The Hague and discussed various issues of concern to the Committee and the Court. Items covered included: the role of the Court in settling international disputes and developing international law; the impact of the increased caseload of the Court on its work and budget; conditions of service of the members of the Court, with special emphasis on emoluments and the floor/ceiling mechanism for regulating the effect of currency exchange rates on amounts paid to the members of the Court; pensions and other conditions of service; and the size of the staff of the Court Registry. The Committee will report separately on those matters in the context of its review of the reports of the Secretary-General, including his first performance report on the programme budget for the biennium 1998-1999.

16. On 26 and 27 May 1998, the Advisory Committee met in The Hague with members of the International Tribunal for the Former Yugoslavia,[2] the Prosecutor and the Registrar. The Committee also visited the Tribunal's detention unit on the grounds of a Netherlands prison complex in the town of Scheveningen, near The Hague. Briefings on the operations of the Tribunal included presentations by the President of the Tribunal, the Prosecutor and the Deputy Prosecutor, the Chief of Investigations, the Chief of the Security and Safety Section, the Registrar and the Deputy Registrar, the Chief of the Budget and Finance Section and the Commanding Officer of the Detention Unit.

IV. Meetings held in Geneva

17. From 28 May to 12 June 1998, the Advisory Committee met in Geneva with representatives of the Director-General of the United Nations Office at Geneva and of four United Nations specialized agencies (the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO), the Executive Secretary of the Economic Commission for Europe (ECE), the Deputy High Commissioner and other senior staff of UNHCR, the Deputy Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) and other UNCTAD senior staff, the Chairman and the former Chairman of the Committee on Budget, Finance and Administration of the World Trade Organization (WTO) and senior staff of the International Trade Centre UNCTAD/WTO (ITC) and the Inspectors of the Joint Inspection Unit and with the United Nations High Commissioner for Human Rights. On 1 June 1998, the Advisory Committee also visited the United Nations Logistics Base at Brindisi, Italy, and the International Training Centre of the ILO at Turin, Italy. The Committee will comment in detail and make recommendations on subjects discussed with various organizational units in Geneva in its reports to be submitted to governing bodies in late 1998 and to the General Assembly at its fifty-third session.

United Nations offices and programmes

18. During its discussions with representatives of the United Nations Office at Geneva on 28 May 1998, several issues were touched upon with regard to conference services. It was indicated that the number of meetings since the biennium 1990-1991 had remained stable, with a shift towards meetings without interpretation, which had increased by 10 per cent. With regard to documents and related services, decreases were reported in translation (10 per cent), word processing (25 per cent), editing (33 per cent), reproduction (18 per cent) and distribution (38 per cent).

19. The Advisory Committee was further informed of the elimination of 100 posts in the Conference Services Division (21 Professional and 79 General Service posts) and the recent introduction of technological innovations, including the capacity for remote translation for meetings taking place away from Geneva, the development of a new document recording and tracking system that would substantially improve the

control of documentation, and increased use of the optical disk system to facilitate access to United Nations documentation by Member States.

20. With regard to common or jointly provided services, such as joint procurement arrangements, it is evident that substantial savings can be achieved for all Geneva-based agencies through proper coordination. Other potential services for common arrangements include cleaning, catering, garden maintenance, painting and systems contracts for items such as printing. By way of example, the Advisory Committee was informed that the United Nations Office at Geneva had negotiated travel rates favourable to all Geneva-based agencies. With regard to personnel management, the Committee was informed that several productivity measures had already been or were being implemented to streamline personnel actions, now that the Integrated Management Information System was in place.

Joint Inspection Unit

21. On 10 June 1998, the Advisory Committee exchanged views with the Inspectors of the Joint Inspection Unit on matters of mutual interest. The Chairman and members of the Committee indicated the impressions and ideas they had had during discussions with the relevant agencies, programmes and other organs so that the Unit, in formulating its work programme, could take into account the observations made by the Committee. The Inspectors emphasized the importance of close cooperation between the Committee and the Unit, as well as the desirability for the Committee to comment regularly on reports of the Unit, as appropriate. The Committee indicated that it would do so in connection with the reports it would be submitting to the General Assembly, provided relevant reports from the Unit and comments by the Secretary-General on those items were available.

Office of the United Nations High Commissioner for Refugees

22. The Advisory Committee met with representatives of the Office of the United Nations High Commission for Refugees on 8 June 1998. The Committee was informed that resource needs for 1998 had been estimated at $1.1 billion but income was now estimated at $850 million. Although Project Delphi concluded in 1997, the UNHCR programme of work for 1998 concentrated on several priority areas, such as the establishment of an operations management system; the preparation of a protection database; the implementation of a global supply chain which would be linked to the operations management system; the improvement of human resources management systems; the development of new financial and budgetary systems; and the replacement of other systems.

23. The response of UNHCR to questions raised by the Advisory Committee regarding results-based budgeting was that it had been planning budgets in terms of objectives for quite some time, but the current system of reporting would not allow it to go into great detail or to assess outputs. It would take some time to change from input-based to output-based planning and budgeting techniques and to evaluate outputs. Efforts were also being made to redefine UNHCR special programmes (estimated at $664.2 million in the 1998 budget), and to secure more funding for general programmes (estimated at $440 million for 1998). The Committee will be considering the revised UNHCR budget for 1998 and proposed initial budget for

1999 and related matters in September 1998 and will issue its report to the Executive Committee of the High Commissioner's programme.

Office of the United Nations High Commissioner for Human Rights

24. On 11 June 1998 the Advisory Committee met with representatives of the Office of the United Nations High Commissioner for Human Rights. The High Commissioner briefed the Committee on the new balanced and integrated approach to human rights, which recognizes the need for increased attention to economic, social and cultural rights, the right to development and related matters. The High Commissioner underlined the catalytic role of her Office and the importance of working in tandem with other agencies of the United Nations system. However, she also stressed the need to ensure the availability of resources from the United Nations regular budget to fulfil the full range of established and new mandates. The regular budget allocation to the Office for the biennium 1998-1999 constitutes 1.67 per cent ($42.2 million) of the regular budget of the United Nations.

25. The Advisory Committee was briefed on the extensive restructuring of the Office of the High Commissioner, the introduction of new methods of programme management and work planning, changes in information management to improve the quality and effectiveness of delivery, the application of the United Nations performance appraisal system and the development of a financial tracking system to provide up-to-date financial status reports to serve as the basis for financial planning and decision-making.

26. The Advisory Committee was informed that a review was being carried out of how resources for documentation and conferences could be managed better. The High Commissioner was exploring the possibility of increased delegation of authority in the management of the Office. There was, for example, a need for greater delegation of authority to manage trust fund allotments.

Economic Commission for Europe

27. Discussions with the Economic Commission for Europe centred on two major issues: reform and decentralization. With regard to the first, the Executive Secretary pointed out the extensive reform undergone by ECE at both the intergovernmental and secretariat levels. It was underlined that further cuts would be impossible without compromising the quality of the implementation of programmes of the Commission. Moreover, the Executive Secretary called for decentralization as a key to efficiency. In that regard, ECE pointed out the need further to decentralize decisions regarding appointments (particularly those at the P-2 and P-3 level) and the allotment of trust funds.

United Nations Conference on Trade and Development

28. The Advisory Committee met with representatives of the United Nations Conference on Trade and Development on 9 June 1998. As indicated to the Committee, the difference between initial resources appropriated for the biennium

1996-1997 and final expenditures, as reported in paragraph 5 of the report of the Secretary-General dated 13 May 1998,[3] reflected savings of $20,350,900. The Committee was informed that it was difficult to distinguish the savings from the restructuring that resulted from the decisions taken at the ninth session of the Conference and those made in order to comply with General Assembly resolution 50/214 of 23 December 1995. Furthermore, UNCTAD representatives indicated that it would be impossible to cut the level of resources further without affecting necessary training and investment in new technologies. At the same time, UNCTAD presented its case for assuming greater authority over personnel management (appointment, promotion and placement), which might require additional resources.

29. UNCTAD representatives indicated a strong wish by Member States and, in particular, the members of the Working Party on the Medium-term Plan and the Programme Budget to increase their participation and involvement in the programme planning and budget preparation of UNCTAD. The Advisory Committee points out that although the Working Party reports to the Trade and Development Board, the final responsibility for determining the budget, as is the case with other intergovernmental bodies of the United Nations, rests with the General Assembly which considers proposals of the Secretary-General after they have been reviewed by the Committee. In accordance with Section III, paragraph 52 of Assembly resolution 52/220 of 22 December 1997 and proposals pursuant to Assembly decision 52/462 of 31 March 1998, the Committee intends to issue its report on cost-effectiveness achieved pursuant to the ninth session of the Conference to the Assembly at its fifty-third session.

World Trade Organization and International Trade Centre UNCTAD/WTO

30. The discussions of the Advisory Committee with representatives of the World Trade Organization and the International Trade Centre focused on issues related to the budgetary processes (review and approval, preparation and format of the budget, and performance report format) and ITC accounting practices. The Committee decided to continue discussion of those matters with the representatives of the Secretary-General before drawing up its conclusions and recommendations for submission to the General Assembly at its fifty-third session.

Specialized agencies (except Vienna-based)

31. During the Advisory Committee's meetings in Geneva with the representatives of four specialized agencies, namely, ILO, UNESCO, FAO and WHO, the discussions focused principally on the issue of reforms that had recently taken place, the application of the United Nations system accounting standards and, in particular, the treatment of delays in the collection of assessed contributions, joint and common services with other United Nations organizations in Geneva, the use of the Integrated Management Information System, the recovery of support costs and the impact of exchange rate fluctuations on the programme and budget.

32. For ILO, information on reform covered the period from 1990 to 1998. The reform process included initiatives to improve the effectiveness, that is, the impact, of ILO, such as restructuring and rationalizing ILO field offices, reorganizing

technical cooperation programmes at headquarters, applying the concept of management by objectives to all ILO activities and reforming personnel policy, as well as implementing efficiency measures to reform the functioning of the International Labour Conference, the Governing Body, regional conferences, sectoral activities and services and support activities, with the purpose of making savings and improving the output and ensuring the optimal use of resources.

33. The Advisory Committee was briefed on the new Programming, Monitoring, Evaluation and Reporting System of ILO (MERS). This is a Windows-based computer program geared towards enhancing the effectiveness, relevance, efficiency and sustainability of the work carried out by ILO both at headquarters and in the field. It was conceived as an integral part of policy-making, programme planning and budgeting as well as of the management of programme implementation. MERS provides a rigorous and systematic management system covering all ILO activities, irrespective of the source of financing (regular or extrabudgetary resources) or of the sector of activity (technical or administrative). The system calls for the identification of priorities and/or needs, the statement of objectives in precise and verifiable terms, including indicators of achievement as appropriate, and the description of outputs and activities in the programme-planning and formulation phases. It facilitates the preparation of detailed work plans, periodic progress reviews and self-evaluation of programme implementation. The system relies heavily on a self-management approach throughout the decision-making structure of the agency.

34. At ILO, reforms have been implemented with the support of the political organs of the agency and carried out with the ILO staff. New management systems, which appear to have been accepted by the staff, enable managers to monitor, evaluate, prepare progress reports on and make changes in programme plans quickly. The Advisory Committee was informed that with the new systems, programme managers spent one-fifth less of their time on project management. On the question of coordinating the development and application of similar systems in other agencies, the Committee was informed that UNDP, the World Bank and UNESCO were developing or about to develop such systems.

35. On the subject of reform, the discussions with UNESCO focused on the new presentation of the programme and budget document for the biennium 1998-1999. A new approach was followed in terms of its formulation and content. It emphasized the results to be achieved and outlined how best to achieve them. The programme and budget process had shifted from the previous lengthy list of activities to be carried out in terms of inputs to a results-based approach that would facilitate oversight and evaluation of UNESCO actions on the basis of achievement. Although the Advisory Committee was informed that the Executive Board and the General Conference had discussed the new budget reforms, further reports from the UNESCO secretariat were expected.

36. At FAO, the main streamlining activities included the establishment of departmental management support units and the delegation of authority previously exercised by the central financial and personnel units, thus eliminating a number of management layers and leading to a reduction in high-level posts. Other reforms included streamlining administrative and financial procedures (for example, reducing the number of steps in each procedure and eliminating unnecessary duplication) and evaluating the existing financial, human resource and payroll

systems with a view to replacing them with systems based on the Oracle software package. The Advisory Committee was informed that the new systems would be in place by 1 January 1999.

37. Major actions taken by FAO to enhance efficiency and reduce personnel and other input costs included introducing more economical recruitment practices for professional personnel (that is, reducing the average cost per work-month for international consultants through partnership arrangements with institutions and the employment of retirees, replacing international programme officers at country offices with national professional officers and downgrading Professional posts to lower the average grade level); reducing the number of support staff through office automation throughout the Organization; increasing the use of outsourcing for various administrative services and decentralizing tasks performed by General Service staff in Rome to field locations; and introducing efficiency improvements in the acquisition of other inputs, such as the rebidding of communication and travel services and a reduction in the cost of meetings, with the support of governing bodies.

38. With regard to WHO, budgetary reform discussions focused on its new approaches for the financial period 1998-1999 to programming by objectives (the process of determining objectives on the basis of the thrust of the general programme of work, the strategic and financial priorities defined in accordance with those objectives and global targets and the targets set for "products") and to strategic budgeting whereby managers specify "products" to be generated in the biennium consistent with WHO priorities and by which WHO makes budgetary provisions for major programmes. Accordingly, WHO has established realistic and measurable targets for each health-related priority, improved programme evaluation on the basis of agreed targets and results, and further reoriented resources in accordance with priorities.

39. On the subject of accounting standards, ILO has adopted the prescribed format for the presentation of financial reports but has not fully implemented the United Nations system accounting standards. Cash basis accounting is currently applied with regard to income. ILO has, therefore, not been faced so far with the treatment of unpaid contributions, as set out in paragraph 32 of the United Nations system accounting standards.[4] The external auditor, in his report on the ILO 1996-1997 financial statements, recommended that the necessary steps be taken to ensure that the 1998-1999 financial statements comply fully with the United Nations system accounting standards.

40. In the case of UNESCO, the problem of delays in the collection of assessed contributions was quite serious. At the most recent General Conference, 40 countries were two years behind in their payments and their voting rights were affected. In connection with the application of paragraph 32 of the United Nations system accounting standards, the Advisory Committee was informed that no provision for delays in the collection of contributions was reflected in the accounts for 1996-1997 and that the external auditor had not raised any objections.

41. FAO and WHO made full provision in their 1996-1997 accounts for delays in the collection of assessed contributions, to avoid recognizing as income amounts that had not been received and crediting to Member States amounts that did not exist.

42. With respect to currency exchange rates, for ILO and UNESCO the situation had not changed since the Advisory Committee last reviewed the matter in 1988. A major part of the ILO budget is expended in Swiss francs. In 1988, the Governing Body recommended, and the International Labour Conference subsequently approved, the adoption of a system of assessments denominated in Swiss francs combined with the forward purchase of the United States dollar expenditure requirements of the budget. That approach was introduced for the financial period 1990-1991. At UNESCO, the split-level assessment system, also introduced for the financial period 1990-1991, has been extended by the General Conference for an indeterminate period. Contributions to be assessed are paid partly in United States dollars and partly in French francs as a way of protecting the regular budget from adverse fluctuations of the French franc in relation to the dollar. For FAO, split assessments were also being examined, since the benefits of the forward purchasing of Italian lire were no longer considered achievable in the present external environment.

43. Agency budgets adopted for the period 1998-1999 in general reflected zero nominal growth. The anticipated effects of inflation had to be absorbed, which appeared to have been achieved through greater efficiency and improved productivity. However, there was increasing pressure on budgets, and it was noted that there was a limit to the ability to absorb the costs of inflation and to continue to provide effective administrative and financial support and, in particular, to ensure the proper functioning of internal controls.

44. Although the Advisory Committee was unable to meet with representatives of all of the specialized agencies in Switzerland during its visit, it received written submissions from the World Intellectual Property Organization (WIPO), the Universal Postal Union (UPU), the International Telecommunication Union (ITU) and the World Meteorological Organization (WMO) regarding their views and steps taken concerning the main areas indicated in paragraph 31 above. In the case of WIPO, the Committee was informed that it had designed a new strategic, results-oriented programme and budget for 1998-1999 in line with the reform carried out in the course of its reorganization. Other innovations included the establishment of a budget expenditure monitoring system that would allow programme managers to monitor programme implementation and expenditure, to evaluate results against targets and to take appropriate action to ensure delivery, and the launching of a large-scale management training programme. Regarding cost recovery for services, the Committee was informed that WIPO relied almost entirely on its regular budget for development cooperation activities and that, since 1996, it had exempted developing countries from support costs charged to development cooperation activities funded from extrabudgetary resources. In some cases it relied on UNDP field offices for administrative support for certain activities. The support cost income for the biennium 1998-1999 was projected at less than 0.2 per cent of the total budgeted income of WIPO. Furthermore, since the budget of WIPO and virtually all its expenses are denominated in Swiss francs, currency fluctuation savings and lower-than-budgeted inflation are transferred at the end of the biennium to the reserve funds, while any over-expenditure is absorbed within the regular budget.

45. WMO informed the Advisory Committee of the establishment of a Task Team to study the future streamlining and rationalizing of WMO so as to achieve optimum cost-effectiveness in view of the increasing interdependence of WMO and other

international programmes and organizations involved in the geosciences and their application, and taking into account the proposal of the Secretary-General to review the mandates of various United Nations institutions and the question of the establishment of an umbrella organization on the environment. WMO indicated a major restructuring of its Technical Cooperation Department in order to remain within the reduced resources available to the Technical Cooperation Fund. Increased efforts had also been made to attract new financing for extrabudgetary projects. The long-term strategic budgeting of WMO has been supported by the establishment of an internal audit function, a pilot project to centralize support staff, which had resulted in greater flexibility in the use of staff resources and savings, the establishment of an office automation system and a revised performance appraisal system. WMO also employs full budgeting for inflation-related cost increases so that the approved appropriations include provision for inflation based on the rates predicted by the Consultative Committee on Administrative Questions. Any cost increases in excess of the amounts foreseen are absorbed within the budgetary limits.

46. UPU indicated a number of steps taken in three main areas to improve efficiency in a long-term context of limited budgetary growth. In the area of budgetary and financial management, its programme and budget system allowed it to make an analytical allocation of staff costs among the different programmes and projects, and the issuance of quarterly reports provided a basis for evaluating the concrete results of the implementation of any particular programme. In the area of human resources management, greater emphasis was being placed on recruiting specialists on fixed-term contracts in order better to match skills available to the particular needs of different programmes and projects, introducing a management-by-objectives system applicable to all members of the secretariat, supported by a mid-term interim performance review, and increasing training courses. In the area of global management for logistical support, greater emphasis was being placed on the use of subcontractors in order to reduce the cost of certain services and to take advantage of opportunities arising from increased competition between suppliers and service providers, and procedures for the regular renegotiation of recurrent service contracts were being introduced.

47. Other agencies, not based in Geneva, such as the International Fund for Agricultural Development (IFAD), the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) were also contacted. IFAD indicated that it had embarked on a significant reorganization exercise since the early 1990s in two basic stages. The initial re-engineering stage, now coming to a conclusion, reorganized and streamlined the entire institution, enhancing efficiency and effectiveness by streamlining the project cycle, improving human resources management, optimizing the management of information systems, revising the document management and publications service, simplifying the internal goods and services procurement process and refocusing its resource mobilization and corporate strategy articulation. The second stage, or "corporate strategic process", institutionalizes the achievements of the initial phase and links budgets with the long-term goals of IFAD. Resources are allocated to those activities that have been accorded high priority, so that efforts are more focused and efficiency is increased. IFAD reported that it had been able to cut administrative expenses by 30 per cent in real terms during the past five years while keeping staffing levels constant and

increasing the volume of the project portfolio from an average of $2.6 billion in 1992-1993 to $3.5 billion in 1996-1997.

48. IMO established a new programme structure, effective 1 January 1998, which is providing both a focus for reporting on results to its governing body and a basis for internal reporting. It is too soon to assess its full effects. As far as cost recovery is concerned, IMO has established a mechanism for the sale of its publications. The volume of sales produces a net income that is part of the agency's accumulated surpluses and contributes significantly to the development of its Technical Cooperation Fund. Currency fluctuation is not a major issue for IMO, since the budget is denominated in pounds sterling and 80 per cent of expenditure is disbursed in that currency.

V. Meetings in Vienna

49. From 15 to 19 June 1998, the Advisory Committee met with the Director-General of the United Nations Office at Vienna, who also serves as Executive Director of the United Nations Office for Drug Control and Crime Prevention, comprising UNDCP and the Centre for International Crime Prevention, and his representatives, as well as with the representatives of the international organizations at the Vienna International Centre, namely, the United Nations Industrial Development Organization (UNIDO) and the International Atomic Energy Agency (IAEA).

50. The Advisory Committee discussed with the representatives of the United Nations Office at Vienna issues such as efficiency measures that had been or were being implemented, workload standards, especially for language services, the capacity of the Vienna International Centre to hold more conferences, cost standards, remote interpretation, common and joint services and building management.

51. The Advisory Committee was informed by the Director-General of the need to clarify further his role and functions in relation to those undertaken at Headquarters in New York. While some issues seemed to be under the authority of the Director-General, others were decided in New York and just reported to Vienna. The Director-General had sought such clarification and further delegation of authority. The Director-General informed the Committee that it was difficult to implement reform initiatives when constrained repeatedly by bureaucratic obstacles.

52. Economy measures at the United Nations Office at Vienna had affected the quality and speed with which meetings were serviced and other services were provided. The abolition of posts in the interpretation section had led to an increase in more expensive temporary assistance; moreover, the increased use of contractual translation had affected the quality of service. Also, translators had to revise their own work. The quality of security services had been affected, both for the Office and for the other organizations. The Office had not been able to meet fully the demand of substantive programmes in terms of personnel, such as the recruitment of consultants, classification actions and training.

53. It appears to the Advisory Committee that efficiency efforts and so-called projects to find new and economical methods of performing functions have been related mainly to addressing the immediate short-term effects of the budgetary

reductions of 1996-1997. That objective seems to have been achieved, although not without consequences for the full delivery of programmes and services, as mentioned above. For the long term, there is a need to ensure that efficiency projects reflect a well-thought-out and coherent programme of reform and change management. It appears that too many projects have been implemented or are being considered without careful analysis. For example, the performance and client satisfaction measurement systems should not have been introduced before there was a proper discussion and definition of the objective to be achieved, implementation strategy and cost. There is also, in the Committee's view, a need to discuss with other units of the Secretariat how to set up such systems.

54. The Vienna International Centre's conference capacity appears to be underutilized. There is, however, a need to develop language service workload and other standards so that the cost of various conference services could be compared to determine which duty station has a comparative cost advantage. Care must be taken to ensure that productivity gains are achieved without a deterioration in the quality of services.

55. The Advisory Committee was briefed on the status of remote interpretation at the United Nations Office at Vienna. The Office is installing facilities for it but, for remote interpretation to be viable, the question of the feasibility of establishing a core team of interpreters needs first to be explored. That, in turn, depends on the volume of conferences to be serviced as well as the ability to attract interpreters to Vienna, bearing in mind long-term career prospects.

The United Nations International Drug Control Programme

56. The Advisory Committee was briefed by the Executive Director of UNDCP on the outcome of the twentieth special session of the General Assembly devoted to countering the world drug problem together, held in New York from 8 to 10 June 1998. The Committee was informed that the programme had received new impetus with the recognition of a balanced approach in which supply and demand were given equal weight in the fight against drugs, and the adoption of the Declaration on the Guiding Principles of Drug Demand Reduction.[5] Several Governments had indicated their willingness to become major donors, and several initiatives were being discussed with the World Bank. Moreover, the future of the Programme was becoming more integrated into the core mandate of the United Nations, since drugs and international organized crime and terrorism were being recognized as major non-military threats to international peace and security in the twenty-first century. The Committee was informed that UNDCP would seek to increase its funding from the United Nations regular budget from the current 10 per cent of UNDCP resources to about 20 per cent in the next biennium.

57. The Director-General of the United Nations Office at Vienna indicated that although he had sufficient authority on matters related to the Fund of UNDCP, he had to negotiate almost all details with Headquarters on matters concerning the Centre for International Crime Prevention. The Advisory Committee believes that this issue needs to be addressed urgently by the Secretary-General. Furthermore, while the international community has recognized the importance of dealing with international organized crime and terrorism, there is an enormous gap between the programme of work of the Centre and the level of resources required to implement

its programme. The Committee agrees that, within this context, calls to implement resolutions "within existing resources" are unrealistic and perhaps counter-productive in many cases.

58. Moreover, in accordance with the provisions of General Assembly resolution 41/213 of 19 December 1986, the contingency fund exists as a mechanism to finance certain intergovernmental mandates approved after the budget has been adopted by the Assembly. The Advisory Committee was further informed of the difficulties and delays in submitting statements of programme budget implications to the intergovernmental machinery of the Commission on Narcotic Drugs owing to the fact that the statements had to be cleared with Headquarters. The Committee is of the opinion that programme managers should know whether they have enough resources when requested to implement a new activity. The Committee intends to revert to this question in conjunction with its review of the proposed programme budget for the biennium 2000-2001.

Meetings with the specialized agencies in Vienna

59. On 17 and 18 June 1998, the Advisory Committees met with the representatives of the United Nations Industrial Development Organization and the International Atomic Energy Agency. As with the agencies in Geneva, the Committee's discussions focused mainly on issues of organizational and budgetary reforms implemented recently; the application of the United Nations system accounting standards and, in particular, the treatment of delays in the collection of assessed contributions; joint and common services with other organizations in Vienna and the issue of building management and maintenance; and management information systems and computer services.

60. The Advisory Committee was briefed on the functions and future role of UNIDO. The reform of UNIDO began during the biennium 1994-1995. The member States of UNIDO, through the Industrial Development Board, undertook a detailed policy review of the future role and functions of the agency, which led to further reforms and the restructuring of its secretariat. In December 1997, the General Conference approved the agency's "Business Plan", calling for the effective decentralization of activities and the strengthening of field representation through the redeployment of resources to the field, the appropriate delegation of authority and the formulation of key functions and responsibilities of the field offices.

61. Mandatory budget reductions at UNIDO have resulted in significant decreases in the number of established posts. Its budget was reduced by 9.2 per cent in 1994-1995, by 14.6 per cent in 1996-1997 and by 27.6 per cent in 1998-1999, and established posts were reduced from 1,317 in 1992-1993 to 731 in 1998-1999. Measures introduced to meet the requirements of the Business Plan and programme and budgets for 1998-1999 include effecting staff separations, restructuring and reducing the number of divisions, redeploying posts and staff to field offices and increasingly delegating authority for substantive and administrative activities, abolishing internal committees, reducing the number of internal instructions and bulletins and introducing new financial authorization procedures to increase the authority and accountability of programme managers through the elimination of secondary authorization processes.

62. With respect to reforms in IAEA, the Advisory Committee was informed that the new Director General, who took over in December 1997, had initiated reform measures, including a comprehensive external review of the Agency's programmes by a group of senior experts from member States. It is expected that their report will include recommendations on how the Agency can concentrate on areas of comparative advantage that are uniquely part of its mandate and that are not being dealt with by the rest of the United Nations system or by the private sector. The Agency is searching for new ways to perform more efficiently by changing various aspects of the administrative machinery, such as coordination and decision-making systems, recruitment mechanisms, staff training programmes, the use of information technology and management and the delegation of authority. The Agency has practised zero growth for over a decade, but the 1998-1999 budget was cost-adjusted by 1.3 per cent.

63. With respect to accounting standards, in the 1996-1997 accounts UNIDO recognized income on an accrual basis and made full provision for delays in the collection of assessed contributions. UNIDO has experienced chronic delays in the payment of assessed contributions and has introduced various measures to eliminate the arrears. IAEA made provisions in its accounts for amounts owed for more than one year; delays were usually in payments from small countries, and payment patterns were better than those of other agencies in the United Nations system.

64. Common services at the Vienna International Centre are distributed among the United Nations, UNIDO and IAEA in accordance with a tripartite memorandum of understanding signed in 1977. Accordingly, IAEA manages the joint medical service, the commissary, the Vienna International Centre library and the printing services; UNIDO runs the catering service and building management; and the United Nations is responsible for the security service and garage administration.

65. The Vienna International Centre comprises a total of seven connecting buildings, each designed specifically to serve as an office, conference or service building. The complex offers 80,000 square metres of office space. With respect to costs involved in the operation and maintenance of the buildings, an agreement was signed in 1985 between the United Nations, UNIDO and IAEA and the host Government for the establishment and administration of a common fund for financing major repairs and refurbishment at the Centre. The agreement established that an approximately equal financial burden was to be shared by the United Nations, UNIDO and IAEA. Over the years, cost-sharing formulas have been jointly developed for the relevant services by the organizations based at the Centre.

66. The Advisory Committee was informed that as a result of the staff and budget reductions, UNIDO had released approximately four-and-a-half floors, to be taken over by the Comprehensive Nuclear Test-Ban Treaty Organization and the United Nations. On the basis of the cost-sharing formula used to allocate the costs of operating the Vienna International Centre complex, UNIDO expects cost reimbursement income representing 79 per cent of expenditure in 1998. From 1999, when UNIDO plans to transfer responsibility to another organization in the Centre, it expects to become a recipient of services rather than the provider. For 1999, the UNIDO budget provides for building management staff and building operation costs. Its building management costs, which are expected to be 21 per cent of the total operating costs, are budgeted under a single object of expenditure.

67. The Advisory Committee was informed that preliminary discussions with the other agencies had indicated that none was willing to take over building management. The Committee notes that resources for major maintenance have not been included in the IAEA budget and that the United Nations included only its share in its budget. The Committee pointed out that the problem of UNIDO relinquishing building management indicated the need for better coordination during the preparation of budgets and their submission to governing bodies. The budgets of the United Nations, UNIDO and IAEA were approved for the 1998-1999 biennium before the biennium started, yet the information given to the Committee in Vienna was not available when it reviewed the United Nations budget proposal during 1997.

68. On the subject of building maintenance, UNIDO informed the Advisory Committee that building modifications by the Comprehensive Nuclear Test-Ban Treaty Organization had revealed a serious asbestos problem at the Vienna International Centre. The Test-Ban Treaty Organization had removed the asbestos at its own expense in its premises but, for the building space occupied by the United Nations, UNIDO and IAEA, the issue remained to be resolved, and the cost was estimated at about $24 million. The Committee views the matter with concern, as it may be a serious liability to the United Nations. It therefore urges the Secretary-General to take steps to negotiate a solution to the problem with the host Government.

General observations on coordination among the United Nations specialized agencies and the International Atomic Energy Agency

69. From its discussions on the subject of budget reform with the specialized agencies mentioned above, the Advisory Committee believes that the terminology introduced so far (such as results-based budgeting, budgeting by objectives, strategic budgeting, policy-oriented budgeting, and so forth) may add to the difficulty of understanding what is being reformed and what is meant by results-based budgeting in the United Nations system.

70. There is also, in the view of the Advisory Committee, a need to be clear as to what efficiency means. At FAO, its Council has accepted the definition of efficiency savings as reductions in the cost of inputs that do not have a negative material impact on outputs. In the Committee's opinion, there is a need for governing bodies to give clear direction on the matter. Changes should be introduced after thorough discussions both at the secretariat and the intergovernmental levels to avoid future confusion leading ultimately to additional expenditures to correct mistakes for reforms done in a hurry. There is a need for the agencies to agree on the definition of terms, as was done at the time of the development of biennial budgeting and medium-term plans and the harmonization of accounting standards and the scale of assessments.

71. With respect to management information systems, the information provided gave the impression of uncoordinated development. It appeared that each agency was busy developing its own systems and would do its utmost to assert that what other agencies had developed was not suitable to its needs. ILO appears to be more advanced than some other agencies in installing computerized management information systems to implement results-based budgeting. At FAO, a new human resources and payroll management system is being developed on the basis of a

commercial software package, namely, Oracle, as indicated above. It is also developing a planning, budgeting and monitoring system based on the same commercial software package and with many features similar to those of the ILO programming, monitoring, evaluation and reporting system (MERS).

72. As regards WHO, the Advisory Committee was informed that the agency had had an administrative and financial system similar to the Integrated Management Information System (IMIS) for 20 years. If WHO were starting out, it would probably try to use IMIS. However, at this point, the cost of changing over to IMIS was too high. WHO had developed an activity-based management information system, similar to that of the ILO MERS system. It was expected that, within the next few years, the system would be fully operational in Geneva and in the field.

73. In the view of the Advisory Committee, the lack of coordination in the development of management information systems and budgetary reform among the United Nations agencies may lead to unnecessary expenditure from funds contributed by Member States. The Committee intends to revert to the issues of coordination and harmonization in the context of its future reports on management information systems and the proposed programme budget for the biennium 2000-2001.

Notes

[1] Replaced by Mr. Pedro Paulo d'Escragnolle-Taunay in June 1998.

[2] International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991.

[3] A/52/898 and Corr.1.

[4] See A/51/523, annex.

[5] Resolution S-20/3.

Annex

Reports of the Advisory Committee on Administrative and Budgetary Questions

Fall session 1997
(New York, 2 September-19 December)

Reports to the General Assembly

A/52/407	Management of peacekeeping assets: surplus asset storage facilities and mission start-up kits at the United Nations Logistics Base, Brindisi, Italy (30 September 1997)
A/52/410	Third-party claims
	Reform of the procedures for determining reimbursement to Member States for contingent-owned equipment
	Death and Disability benefits (1 October 1997)
A/52/451	Financing of the United Nations Observer Mission in Liberia (10 October 1997)
A/52/478 and Corr.1	Financing of the United Nations Angola Verification Mission and of the United Nations Observer Mission in Angola (16 October 1997)
A/52/518	Financial reports and audited financial statements, and reports of the Board of Auditors (22 October 1997)
A/52/519	Administrative expenses of the United Nations Joint Staff Pension Fund (23 October 1997)
A/52/546	Financing of the United Nations Mission in Bosnia and Herzegovina (30 October 1997)
A/52/696	Budget estimates for 1998
	Conditions of service for the judges of the International Tribunal for the Former Yugoslavia and the International Tribunal for Rwanda (21 November 1997)
A/52/697	Financing of the International Tribunal for Rwanda (21 November 1997)
A/52/707	United Nations Verification Mission in Guatemala
	Programme budget implications of draft resolution A/52/L.19 (2 December 1997)
A/52/742	Second performance report (21 December 1997)

Reports on the proposed programme budget for the biennium 1998-1999[1]

A/52/7/Add.1	Observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions (2 December 1997)
A/52/7/Add.2	Additional expenditures relating to the maintenance of peace and security or deriving from inflation and currency fluctuations (5 December 1997)
A/52/7/Add.3	Procurement reform (5 December 1997)
A/52/7/Add.4	Office accommodation at the Palais Wilson (8 December 1997)
A/52/7/Add.5	Extension of the premises of the International Court of Justice
	Draft supplementary agreement between the United Nations and the Carnegie Foundation concerning the use of the Peace Palace at The Hague (8 December 1997)

A/52/7/Add.6	Revised estimates in respect of matters of which the Security Council is seized (11 December 1997)
A/52/7/Add.7	Interim study of the question of honoraria payable to members of organs and subsidiary organs of the United Nations (15 December 1997)
A/52/7/Add.8	Salary and retirement allowance of the Secretary-General and salary and pensionable remuneration of the Administrator of the United Nations Development Programme (18 December 1997)

Other reports

A/AC.96/884/Add.3	Overview of UNHCR activities 1996-1998 (25 September 1997)
WFP/EB.3/97/4-A/Add.2	World Food Programme budget proposal for the biennium 1998-1999
WFP/EB.3/97/4-C/Add.2	Budget proposal on the proposed use of interest income
WFP/EB.3/97/4-D/Add.2	Budget proposal on the appointment of the External Auditor for the term July 1998-June 2002
8 October 1997	Letter transmitting the proposed 1998-1999 budget of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium 1998-1999
UNEP/GCSS.V/INF/3	Revised budgets for 1996-1997 and 1998-1999 of the Environment Fund (14 April 1998)
UNU/C/44/L.4/Add.1	Proposed academic programme and budget of the United Nations University for the biennium 1998-1999 (24 November 1997)
E/CN.7/1997/16	Fund of UNDCP
	Proposed final biennial support budget for 1996-1997 and proposed initial biennial support budget for 1998-1999 (17 November 1997)
E/ICEF/1998/AB/L.2	United Nations Children's Fund biennial support budget for 1998-1999 (19 December 1997)

Letters to the Secretary-General

5 September 1997	Committee's concurrence with the Controller's request to utilize resources provided under General Assembly resolution 51/15 B for the United Nations Support Mission in Haiti
14 October 1997	Reappointment and appointment to the United Nations Investments Committee for three-year terms starting from 1 January 1998
17 November 1997	Financing of the United Nations Support Mission in Haiti and the United Nations Transition Mission in Haiti
17 November 1997	Committee's concurrence with regard to entering into commitments in the amount of $3,300,500 to provide for the immediate requirements of the United Nations Mission for the Referendum in Western Sahara
8 December 1997	Committee's concurrence with regard to entering into commitments for the United Nations Mission of Observers in Tajikistan
11 December 1997	Committee's concurrence with regard to entering into commitments in the amount of $1,653,600 for improvements in the United Nations Observer Mission in Georgia
18 December 1997	Financial requirements of the United Nations Civilian Police Mission in Haiti

19 December 1997	Committee's concurrence with regard to entering into commitments for the United Nations Mission for the Referendum in Western Sahara

Oral statements

1. Report of the International Law Commission on the work of its forty-ninth session
2. The situation in Central America
3. The situation of democracy and human rights in Haiti
4. The situation in Afghanistan and its implications for international peace and security
5. Revised estimates: effect of changes in rates of exchange and inflation — recosting

Winter session 1998 (New York, 3 February-27 March)

Reports to the General Assembly

A/52/816 and Corr.1	Financing of the United Nations Mission for the Referendum in Western Sahara (4 March 1998)
A/52/817	Financing of the United Nations Mission of Observers in Tajikistan (5 March 1998)
A/52/818	Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti (5 March 1998)
A/52/825	Financing of the United Nations Observer Mission in Angola (10 March 1998)
A/52/828	Integrated Management Information System project (12 March 1998)
A/52/853	Financing of the United Nations Operation in Mozambique (2 April 1998)
A/52/859	Financing of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (31 March 1998)
A/52/860/Add.1	Financing of the United Nations Preventive Deployment Force (31 March 1998)
A/52/860/Add.2	Financing of the United Nations Observer Mission in Georgia (31 March 1998)
A/52/860/Add.3	Financing of the United Nations Mission in Bosnia and Herzegovina (31 March 1998)
A/52/860/Add.4	Financing of the United Nations Peacekeeping Force in Cyprus (3 April 1998)
A/52/860/Add.5	Financing of the United Nations Disengagement Observer Force (6 April 1998)
A/52/860/Add.6	Financing of the United Nations Interim Force in Lebanon (6 April 1998)
A/52/860/Add.7	Financing of the United Nations Iraq-Kuwait Observation Mission (8 April 1998)

A/52/865	Financing and liquidation of the United Nations Transitional Authority in Cambodia
	Comprehensive evaluation of all aspects of the administration and management of the United Nations Transitional Authority in Cambodia (3 April 1998)
A/52/868	Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters (30 April 1998)

Reports on the proposed programme budget for the biennium 1998-1999[1]

A/52/7/Add.9	United Nations International Partnership Trust Fund (17 February 1998)
A/52/7/Add.10	Reduction and refocusing of non-programme costs (27 February 1998)

Other reports

24 February 1998	Programme budget of the United Nations Institute for Training and Research for 1998

Letters to the Secretary-General

12 February 1998	Committee's consideration of the letter from the Secretary-General dated 30 January 1998 together with the concept paper relating to the gift in support of United Nations causes from Mr. Ted Turner
19 February 1998	Committee's consideration of the report of the United Nations International Drug Control Programme on the revised draft financial rules of the Fund of UNDCP
3 March 1998	Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti
30 March 1998	Committee's consideration of budget performance in respect of the financial period 1996-1997: proposed transfers between sections
13 April 1998	Financing of the United Nations Mission in the Central African Republic for the period from 27 March to 30 June 1998

Oral statements

1. Office accommodation at the Palais Wilson

Spring session 1998 (New York, 4-20 May)

Reports to the General Assembly

A/52/860	Financing of the United Nations peacekeeping operations (7 May 1998)
A/52/860/Add.8	Financing of the United Nations Mission for the Referendum in Western Sahara
	Financing of the United Nations Mission of Observers in Tajikistan

	Financing of the United Nations Observer Mission in Angola (13 May 1998)
A/52/890	Gratis personnel provided by Governments and other entities (7 May 1998)
A/52/892	Support account for peacekeeping operations (7 May 1998)
A/52/894	Utilization of the Development Account (8 May 1998)
A/52/897	Financing of the United Nations Logistics Base at Brindisi (12 May 1998)
A/52/905	Financing of the United Nations Mission in Haiti (15 May 1998)
A/52/911	Financing of the United Nations Mission in the Central African Republic (19 May 1998)

Letters to the Secretary-General

5 May 1998	Leases for office premises in the DC-1 and DC-2 buildings
8 May 1998	Committee's concurrence with regard to entering into commitments for a third Trial Chamber of the International Tribunal for Rwanda
19 May 1998	Committee's concurrence with regard to entering into commitments for Sierra Leone
21 May 1998	Committee's concurrence with regard to entering into commitments for the activities of the International Tribunal for the Former Yugoslavia

Geneva meetings (28 May-13 June 1998)

Other reports

E/ICEF/1998/AB/L.12 UNICEF recovery policy (18 June 1998)

Letters to the Secretary-General

4 June 1998	Administrative budget of the United Nations International Partnership Trust Fund for the period from 1 March to 31 December 1998, together with the draft relationship agreement between the United Nations Foundation, Inc. and the United Nations

Notes

[1] See *Official Records of the General Assembly, Fifty-second Session, Supplement No. 7A* (A/52/7/Add.1-10).

Document A/53/7/Add.1

Second report

Development Account

[Original: English]
[25 September 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the Development Account[1] submitted pursuant to General Assembly resolution 52/235 of 26 June 1998. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee has limited its consideration to policy issues discussed in the main body of the report of the Secretary-General. It has not taken up the annexes. As of the time the Committee finalized the present report, it had still not received a final copy of the report of the Secretary-General on the utilization of the Development Account. The Committee will report on this as and when appropriate, including on proposals the Secretary-General may formulate on the utilization of savings achieved during the current biennium (see para. 14 below).

3. The Advisory Committee welcomes the fact that a number of its observations and recommendations regarding the sustainability of the Development Account and the modalities of its implementation, as contained in its reports of 8 May 1998[2] and 27 February 1998,[3] have been taken into account.

4. The most important of these observations and recommendations stressed that real savings from the introduction of efficiency measures are achieved only if costs are reduced while the level and quality of service is maintained or further improved. Further, the transfer of resources associated with efficiency gains is not a budget reduction exercise but one of redeployment, with the total budgetary amount and related assessments remaining the same both before and after redeployment (see para. 8 below).

5. With regard to the concept of the Development Account, the Advisory Committee notes from paragraphs 3 and 4 of the report of the Secretary-General that gains achieved as a result of productivity improvements would become a permanent part of the Development Account. In this connection, the Committee understands that, as previously recommended by it, funding for the Development Account would be derived from productivity gains throughout the Secretariat and would not be limited to any one area or activity.

6. As indicated in paragraph 10 of the report of the Secretary-General, "the amounts for projected savings will, by definition, be estimates and will not become final until the completion and verification of the productivity exercise(s)". Savings from productivity gains which are achieved during budget implementation and reported in performance reports would be transferred to the Development Account and utilized to fund development projects and activities, and not to reduce the level of the budget.

7. The Advisory Committee recalls that, while the Secretary-General in his report of 28 December 1997[4] had indicated cumulative savings of some $200 million by the biennium 2002-2003, the Committee had considered that target to be overambitious.[5] The General Assembly, in its resolution 52/235, while noting that the amount of $200 million was an indicative target had stated that "no time frame should be specified for reaching that target".

8. The Advisory Committee recalls that, for the biennium 1998-1999, the General Assembly, in its resolution 52/221 A of 22 December 1997, had appropriated an amount of $13,065,000 for the Development Account under section 34 of the programme budget. The Committee was informed that possible additional savings arising out of efficiency measures, amounting to between $5 million and $7 million could be realized during the biennium 1998-1999, should the Assembly approve the transfer of those resources. As indicated in paragraph 11 of the report of the Secretary-General for the biennium 2000-2001, approximately $40 million in productivity improvements could be targeted for redeployment. The current projected level of resources by the end of the year 2001 would therefore be some $53 million to $60 million.

9. As indicated in paragraph 6 of the report of the Secretary-General, once an efficiency gain has been achieved, the relevant transfer, once approved by the General Assembly, would form a permanent part of the maintenance base of the budget section that relates to the Development Account. The Advisory Committee agrees with this and with the procedure outlined under section III, Sustainability, of the same report. However, the Committee points out that, in its opinion, this maintenance base should not be re-costed. It is intended that the process of transferring amounts to the Development Account should continue in each biennium until the cumulative base reaches the ultimate level of the Development Account determined by Member States.

10. In this connection, the Advisory Committee points out that the degree to which efficiency measures can continue to lead to quantifiable resources to be transferred to the Development Account will be affected by a prolongation of the current budgetary constraints. In addition, gains from currency fluctuation and inflation would not be available for transfer to the Development Account, nor would savings due to underexpenditure as a result of the postponement of activities or an inability to carry out approved mandates and programmes. This latter category of savings should be identified separately in performance reports.

11. The modalities for identifying gains and transferring funds are outlined in paragraphs 9 to 11 of the report of the Secretary-General. The Advisory Committee agrees with his proposals in this regard.

12. The Advisory Committee notes the comments of the Secretary-General on the modalities of expenditure from the Development Account, as outlined in paragraphs 16 to 20 of his report. As indicated in paragraph 18 of the report, the Secretary-General recommended the concept of a multi-year project and that any balance of appropriation for the Development Account at the end of a biennium be carried forward to the succeeding biennium. The Committee agrees with this proposal and notes that balances remaining in the Development Account would be retained for future development projects. However, once transferred into the Development Account, these amounts would not be subject to currency and inflation adjustment. Information on unspent balances should be supplied in the context of performance

reports. On inquiry, the Committee was informed that, owing to the fact that the current biennium was almost half over, it was unlikely that the total appropriated amount of $13,065,000 would be expended during the current biennium and would need to be carried forward to the next.

13. The impact on staffing levels and the delivery of mandated programmes and activities was discussed in paragraphs 12 to 15 of the report of the Secretary-General. The Advisory Committee notes that it is not the intention of the Secretary-General to separate staff involuntarily as a result of the redeployment of resources, but where necessary to invest in retraining staff to enable them to take on new functions and responsibilities. It is expected that reductions in staffing requirements in those departments where savings are to be achieved could be met through a combination of redeployment and natural attrition, including retirement. The Committee recommends that comprehensive information on this and other relevant matters be provided in the context of normal reporting procedures, namely, in the proposed programme budget and the performance reports. The Committee recognizes that, since arrangements for the Development Account are in a transitional stage, reporting has been on an ad hoc basis up to now.

14. The Advisory Committee is also of the opinion that consideration of the utilization of savings achieved during the biennium 1998-1999 should proceed on an ad hoc basis.

15. Finally, the Advisory Committee believes that it would make for more clarity if section 34 of the programme budget were not entitled "Development Account", a term which the Committee believes should be reserved for financing, accounting and auditing purposes. Instead, the Committee suggests that a more appropriate title for section 34 of the programme budget could be "Supplementary development activities".

Notes

[1] A/52/1009.

[2] A/52/894.

[3] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 7A* (A/52/7/Add.1-10), document A/52/7/Add.10.

[4] A/52/758.

[5] A/52/894, para. 7.

Document A/53/7/Add.2

Third report

Analysis of savings resulting from the improved overall cost-effectiveness achieved pursuant to the ninth session of the United Nations Conference on Trade and Development, including the restructuring of the intergovernmental machinery and the reform of the secretariat

[Original: English]
[28 September 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General of 13 May 1998.[1] During its consideration of the report, representatives of the Secretary-General provided additional information.

2. In section III, paragraphs 52 and 54 of its resolution 52/220 of 22 December 1997, the General Assembly requested the Secretary-General to prepare expeditiously, in consultation with the Working Party on the Medium-term Plan and Programme Budget of the United Nations Conference on Trade and Development (UNCTAD), a report on proposals regarding savings resulting from the improved overall cost-effectiveness achieved pursuant to the decisions taken at the ninth session of the Conference, including the restructuring of the intergovernmental machinery and reform of the secretariat, and on how to reallocate a part of the savings in the 1998-1999 budget cycle, with a view to strengthening the capabilities of the Conference in priority areas, and to submit it to the Assembly at the first part of its resumed fifty-second session.

3. In its decision 52/462 of 31 March 1998, the General Assembly, having taken note of the overall unspent balance of $9,326,600 from the regular budget for the biennium 1996-1997, decided to allocate an amount of $2.5 million to the Integrated Management Information System for 1998 and an amount of $1.3 million for improving and refurbishing conference facilities, and to retain the balance of $5,526,600 with a view to financing the activities of UNCTAD, as requested in resolution 52/220, taking into account the recommendations of the Secretary-General in that regard. With that decision, the Assembly implicitly waived regulations 4.2 to 4.4 of the Financial Regulations of the United Nations, particularly regulation 4.2, according to which appropriations should be available only for the biennium to which they relate. The Advisory Committee cautions that this decision to fund activities after the biennium to which the funds relate has ended would create a precedent and should be avoided. Furthermore, the Committee points out that the $5.5 million in savings is not directly related to the decision taken at the ninth session of the Conference and the reform of the secretariat of UNCTAD.

4. Upon inquiry, the Advisory Committee was informed that the expenditures incurred for the above three items would be recorded in special accounts and reported in the notes to the financial statement when the accounts for the biennium 1998-1999 were presented to the General Assembly at its fifty-fifth session in 2000. The Committee was also informed that such expenditures would be subject to the

established internal and external audit reviews and observations in place for other United Nations expenditures.

5. With regard to the financing of the activities of UNCTAD, the Advisory Committee notes from paragraph 3 of the report of the Secretary-General that he has prepared his initial proposals and presented them to the Working Party on the Medium-term Plan and Programme Budget of UNCTAD.

6. A correction was made to paragraph 4 of the report of the Secretary-General. The Advisory Committee understands that the Trade and Development Board was informed of the comments and recommendations of the Working Party, which were subsequently transmitted to the Secretary-General by a letter from the Chairman of the Working Party, contained in the annex to the report of the Secretary-General.

7. In connection with the implementation of General Assembly resolution 52/220, the Advisory Committee notes from paragraph 7 of the report of the Secretary-General that "a characterization of the $7,774,200 of 'savings' as due either to the ninth session of the Conference or to the implementation of resolution 50/215 requires a judgement which the secretariat is not in a position to take".

8. However, upon inquiry, the Advisory Committee was informed that $2 million in "savings" could be traceable to the reduction in the conference-servicing requirements of UNCTAD as a result of the ninth session. In the opinion of the Committee, that amount should have been reflected in the report of the Secretary-General.

9. In section III of his report, the Secretary-General outlines how the amount of $5.5 million is to be utilized pursuant to General Assembly decision 52/462. From the table in the annex to the report, the Advisory Committee notes a slight difference between the amount of $5,529,000 proposed to be allocated and the amount of $5,526,600 retained by the Assembly in its decision 52/462.

10. The Advisory Committee has no objection to the proposals of the Secretary-General and UNCTAD to utilize the amount retained by the General Assembly in its decision 52/462. However, the Committee recommends that the amount to be utilized should not exceed the amount of $5,526,600.

11. The Advisory Committee notes from paragraph 13 of the report of the Secretary-General that an amount of $1,088,000 is being proposed to enhance the expertise of the deliberations of the expert meetings of the Commissions of the Trade and Development Board. The Committee was also informed that while the utilization of the amount of $1,088,000 was based on the assumption that 14 months would be available in the biennium 1998-1999 (for 14 expert meetings), by the time the General Assembly acts on the proposals, there would be less than 14 months available; it is now anticipated that there would be 10 expert meetings. The Committee was further informed that the savings that might arise as a result of the reduction in the number of expert meetings will be used to increase the number of experts per meeting. In this connection, the Committee was informed that the maximum number of experts allowed at each UNCTAD expert meeting would be 16.

12. The Advisory Committee notes from paragraph 2 of the attachment to the annex to the report of the Secretary-General that according to the agreed statement by the Chairman of the Working Party, the proposals for the financing of experts would not set a precedent regarding the financing from the UNCTAD regular budget

of the expenses of experts attending, in their personal capacity, expert meetings convened by the Commissions in accordance with paragraph 114 of the document entitled "A Partnership for Growth and Development".[2] The Committee was informed that the questions of how the experts will be selected, nominated and appointed were still being negotiated. It is the view of the Committee that there is a need for decisions to be taken so that the activities foreseen can be carried out.

Notes

[1] A/52/898 and Corr.1.

[2] See A/51/308.

Document A/53/7/Add.3

Fourth report

Administrative arrangements for the International Trade Centre UNCTAD/WTO

[Original: English]
[29 September 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General of 2 December 1997[1] and the note by the Secretariat of 17 March 1998[2] on administrative arrangements for the International Trade Centre UNCTAD/WTO. The report of the Secretary-General provides a historical overview of the International Trade Centre (ITC) and outlines the proposals for revised administrative and budgetary arrangements for the review, approval and administration of and reporting on the implementation of the programme budget of ITC. The texts of relevant agreements on administrative and financial arrangements for ITC are reproduced in the note by the Secretariat. During its consideration of the matter, the Advisory Committee met with representatives of the Secretary-General and of the ITC. In the spring of 1998, in Geneva, the Advisory Committee also exchanged views with the Chairman and former Chairman of the Committee on Budget, Finance and Administration of the World Trade Organization (WTO) and with the secretariats of WTO and ITC.

2. As indicated in paragraph 1 of the note by the Secretariat,[2] the General Assembly, in its resolution 52/220 of 22 December 1997, noted with concern that the arrangements entered into by the Secretary-General with the Director-General of the World Trade Organization in the exchange of correspondence of September 1995[3] had not yet been transmitted to the Assembly. In this connection, the Assembly considered that the agreement between the Secretariat of the United Nations and the secretariat of the former General Agreement on Tariffs and Trade (GATT) was still in force until it had reviewed the agreement between the United Nations and WTO.

3. The joint operation of ITC by GATT and the United Nations Conference on Trade and Development (UNCTAD) was approved by the General Assembly in its resolution 2297 (XXII) of 12 December 1967 and by the Contracting Parties to the General Agreement on Tariffs and Trade. The sponsoring organizations, GATT and UNCTAD, provided overall direction to ITC through the UNCTAD/GATT Joint Advisory Group, membership of which was open to the Contracting Parties to the General Agreement on Tariffs and Trade and Member States of the United Nations. Under those arrangements, the United Nations and GATT contributed equally to financing the regular budget of ITC, GATT dealt with administrative and financial matters, and ITC accounts were audited by GATT external auditors.[4]

4. The legal status of ITC in relation to the United Nations was reviewed in 1973 and 1974 and new administrative and financial arrangements for ITC were agreed upon between the Secretariat of the United Nations and the secretariat of the former GATT and reported to the General Assembly. Under the 1974 agreement, ITC was a subsidiary organ of both the United Nations (acting through UNCTAD) and GATT.[5]

5. In accordance with the 1974 agreement, ITC applies the Staff Regulations and Rules of the United Nations and the Financial Regulations and Rules of the United Nations, makes use of the support services of the United Nations Office at Geneva, has its accounts certified by the United Nations Controller, audited by the United Nations Board of Auditors and reported to the General Assembly and the GATT Council. Since 1995, the responsibilities of GATT have been taken over by WTO.

6. On 3 April 1995, the WTO General Council requested its secretariat to negotiate with the Secretariat of the United Nations for revised budgetary arrangements with regard to ITC.

7. On 29 September 1995, in an exchange of letters on relations between the United Nations and WTO, the Secretary-General of the United Nations and the Director-General of WTO agreed, inter alia, that the arrangements and practices described in the General Assembly document of 9 March 1976[6] in respect of the United Nations/GATT relationship provide a suitable basis to continue to guide relations between the United Nations and WTO. With respect to ITC, it was agreed to recommend to the responsible intergovernmental organs that present arrangements governing the status of ITC as a joint body be confirmed and renewed with WTO, subject to revised budgetary arrangements as called for by the General Council of WTO.[7] The recommendation of the executive heads was noted by the Economic and Social Council in its decision 1995/322 of 12 December 1995.[8]

8. The Advisory Committee notes from paragraph 9 of the report of the Secretary-General[1] that the revisions of budgetary arrangements called for by the General Council of WTO could be implemented through a series of administrative and technical measures without affecting the policy provisions of the 1974 agreement.

9. In paragraphs 10 to 12 of his report, the Secretary-General proposes new arrangements governing the preparation, review and approval of the ITC budget. Should the General Assembly agree with the proposed approach, the Secretary-General recommends, in paragraph 13 of his report, that the Assembly invite the General Council of WTO to accept the proposed arrangements and timetable for the review and approval of the proposed programme budget of ITC and related budget performance reports.

10. Attachment VIII to the note of the Secretariat[2] shows in tabular form the changes proposed by the United Nations to the arrangements concerning the ITC budgetary process and the differences in the revised arrangements proposed by WTO and the United Nations. The Advisory Committee notes that, as indicated in paragraph 7 of the note, WTO is of the view that the proposals put forward by the Secretary-General in his report did not fully address the concerns of WTO.

11. The Advisory Committee is of the view that the current ITC budgetary process and the proposals put forward by the Secretary-General in his report do not fully address the need for simplified arrangements, including those called for by the General Council of WTO. Recognizing the special situation of ITC, the Committee believes that simplified arrangements should be put in place which both respond to the concerns of WTO, as indicated by its General Council in 1995, and retain the role of the United Nations in the financial administration of ITC. In the view of the Committee, starting with the programme budget for the biennium 2000-2001, a simplified procedure could take the following into account:

(a) In May of the year preceding the United Nations financial period, ITC would submit to the General Assembly, through the Advisory Committee, its budget outline for the first year of activities for the coming biennium, with a projection of requirements for the second year. The annualized requirements would be presented in Swiss francs (which would conform with the WTO budget process). On the basis of the recommendations of the Committee, in the spring of that year, the Assembly would approve, in Swiss francs, the level of the ITC outline for the biennial period concerned. An initial fascicle of the proposed programme budget of the United Nations, based on that outline, would be presented to the Assembly in United States dollars, as part of the overall submission of the proposed programme budget, using the same rate of exchange for the proposed programme budget as a whole;

(b) Simultaneously, ITC would submit its outline, in Swiss francs, to the Committee on Budget, Finance and Administration of WTO for its approval;

(c) Taking into account the legislative decisions of the United Nations and WTO, ITC would submit its proposed programme budget to the General Assembly and to the General Council of WTO in the autumn of the year preceding the United Nations financial period. The submission to the Assembly would be in the form of a revised fascicle of the proposed programme budget of the United Nations. To this effect, the Secretariat, through its Programme Planning and Budget Division, would continue to provide the necessary support to ITC;

(d) The proposed programme of work of ITC would be reviewed by the intergovernmental bodies concerned;

(e) ITC would continue to submit its annual budget proposal, in Swiss francs, to WTO, in accordance with the established procedures for the submission and reporting of the WTO budget, and taking into account the approved level of the share of the United Nations for the ITC budget;

(f) ITC accounts would continue to be administered by the United Nations, and ITC financial statements would continue to be certified and reported to the General Assembly and the General Council of WTO by the Controller of the United Nations. The activities of ITC would continue to be subject to internal audit and oversight by the Office of Internal Oversight Services of the Secretariat. The related findings would continue to be reported by the Secretary-General to the Assembly and to the General Council of WTO. The Board of Auditors would continue to audit ITC accounts and activities, and its findings would continue to be transmitted to the Assembly, and by the Secretary-General to the General Council of WTO.

Notes

[1] A/C.5/52/25.

[2] A/C.5/52/45.

[3] Ibid., attachment VI (E/1995/125), annexes I and II.

[4] A/C.5/52/2[1], para. 3.

[5] Ibid., para. 4 and A/C.5/52/45, attachments I and II.

[6] A/AC.179/5.

[7] A/C.5/52/45, attachment VI.

[8] Ibid., attachment VII.

Document A/53/7/Add.4

Fifth report

Utilization of the development dividend

[Original: English]
[20 October 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General of 15 September 1998 on utilization of the development dividend following the establishment of the Development Account (A/53/374). During the Advisory Committee's consideration of the report, representatives of the Secretary-General provided additional information.

2. In paragraph 6 of its resolution 52/235 of 26 June 1998, entitled "Development Account", the General Assembly requested the Secretary-General to submit proposals on the use of the funds available under a new section 34, Development Account, of the programme budget for the biennium 1998-1999. Upon inquiry, the Advisory Committee was informed that the proposals were being presented to the Second Committee in October 1998.

3. The Advisory Committee notes that the report is part of a first attempt to start a process of implementation of the Development Account. When the Account is fully operational, project proposals should be reviewed in the context of the proposed programme budget.

4. As indicated in paragraph 6 of the report of the Secretary-General (ibid.), the projects proposed for funding by the Development Account have been elaborated on the basis of the performance criteria indicated in the report of the Secretary-General of 11 August 1998[1] on the Development Account. The Advisory Committee recalls that, in paragraph 2 of its second report (document A/53/7/Add.1 above) it stated that it would take up the annexes to the report of the Secretary-General of August 1998 when it considered the final version of the report of the Secretary-General on utilization of the development dividend (A/53/374).

5. With regard to the information contained in annex I to the report of August 1998, the Advisory Committee notes that it deals with the types of efficiency measures to be implemented throughout the Secretariat. In this connection, the Committee recalls its related comments in its first report on the proposed programme budget for 1998-1999.[2] In connection with the information contained in annex II to the report of August 1998 on areas where the resources from the Development Account could be utilized, it is the view of the Committee that this information has been superseded by the proposals contained in the report of the Secretary-General of September 1998 (ibid.).

6. The Advisory Committee notes from paragraph 3 of the report of the Secretary-General (ibid.) that the proposals draw upon and contribute to the relevant priorities and subprogrammes established in the medium-term plan for the period 1998-2001.[3] However, the proposed projects would complement and not substitute for existing activities. In this connection, the Committee recalls paragraph 21 (a) of the report of the Secretary-General of August 1998,[1] in which he indicated that one of the principles to guide project formulation is that the projects should complement,

and not substitute, existing programme activities. The Committee expects that future submissions of the Secretary-General will contain sufficient and specific information to confirm that projects are regional and/or interregional in nature and that they are not substitutes but complements. Furthermore, the Committee is of the view that resources budgeted under section 34 of the programme budget for the biennium 1998-1999 should be available to fund new projects rather than existing mandated activities. Once submitted by the Secretary-General and approved by the General Assembly, these new projects would become mandated activities.

7. In this connection, the term "complement" needs to be defined precisely as to whether it applies to activities funded from the regular budget only or whether it also covers extrabudgetary activities. The Advisory Committee points out that the use of the Development Account to fund extrabudgetary activities would involve the transfer of resources from the regular budget to extrabudgetary activities. The Mercure satellite telecommunication earth stations project (ibid., paras. 31-37), for example, is an extrabudgetary activity which, if funded from the Development Account, would amount to using resources from the regular budget to fund extrabudgetary activities. The General Assembly may therefore wish to consider not applying the term "complement" to extrabudgetary-funded programmes. The Committee points out that to the extent that any of the projects outlined in the report of the Secretary-General (A/53/374) deviate from the principles outlined above, they should not be considered a precedent.

8. As indicated in paragraph 2 above, the Secretary-General was requested by the General Assembly to submit proposals on the use of funds available under section 34 of the programme budget for the biennium 1998-1999. The Advisory Committee observes that unlike section 21, Regular programme of technical cooperation, of the programme budget, which is demand-driven in the sense that it deals with direct requests from individual Member States, section 34 is much more at the initiative of the United Nations, since the Organization is, of necessity, involved in the planning and programming of regional or global activities.

9. The Advisory Committee recalls that for the biennium 1998-1999, the General Assembly, in its resolution 52/221 A of 22 December 1997, had appropriated an amount of $13,065,000 for the Development Account under section 34 of the programme budget. The Committee notes from the annex to the report of the Secretary-General (ibid.) that the total resource requirements for the projects amount to $12,305,000, leaving a balance of $760,000. Upon request, a breakdown of the costs, by project, was provided to the Committee and is attached as an annex to the present report. However, the information was not analysed by the Committee. In the opinion of the Committee, irrespective of the balance of $760,000, it is unlikely that the total amount of $13,065,000 will be programmed and utilized fully during the biennium. In this case, the procedure for carrying over any balance will be applied and the proposed programme budget for the biennium 2000-2001 should include proposals for the full use of resources under the Development Account, including any balance carried over.

10. The Advisory Committee notes from the report of the Secretary-General that each proposed project sets forth relevant indicators to measure whether and to what extent the expected results were achieved. The Committee welcomes the attempt to provide indicators. However, it is the view of the Committee that there is a need for further refinement and precision in the delineation of indicators, including a

description of the situation before the implementation of the projects so as to be able better to measure the results achieved.

11. Upon inquiry, the Advisory Committee was informed that the resource requirements of the proposed projects did not involve staff costs and the question of how ongoing maintenance costs for projects will be funded has not been addressed. The Committee expects that future reporting will contain fully costed project proposals.

Notes

[1] A/52/1009.

[2] See *Official Records of the General Assembly, Fifty-second Session, Supplement No. 7* (A/52/7/Rev.1).

[3] *Official Records of the General Assembly, Fifty-first Session, Supplement No. 6* and corrigendum (A/51/6/Rev.1 and Corr.1).

Document A/53/7/Add.5

Sixth report

Construction of additional conference facilities at Addis Ababa and Bangkok

[Original: English]
[6 November 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the construction of additional conference facilities in Addis Ababa and Bangkok (A/53/347). That annual report is submitted in accordance with General Assembly resolution 39/236 of 18 December 1984, by which the Assembly approved the construction of additional conference facilities at the Economic Commission for Africa in Addis Ababa and a construction project for the expansion of the conference facilities at the Economic and Social Commission for Asia and the Pacific in Bangkok. The report focuses on the progress made in the project in Addis Ababa since the most recent report submitted to the Assembly at its fifty-second session.[1] On the assumption that the Assembly approves the report with respect also to the conference facilities in Bangkok, no further reports will be submitted on that construction project. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General.

2. As indicated in paragraphs 3 and 20 of the report of the Secretary-General, construction of the new conference facilities in Addis Ababa was approved by the General Assembly in 1984. The project, which started on 29 April 1991, was substantially completed on 21 April 1996, and the premises were handed over to the United Nations on 22 April 1996. The inauguration ceremony was held on 30 April 1998 and payments relating to the construction contract have been finalized and processed.

3. The Advisory Committee notes from paragraph 20 of the report of the Secretary-General that it is anticipated that all remaining accounts, particularly those relating to the new telecommunications system, will be finalized within the biennium 1998-1999. However, the closure of the accounts will be contingent on the outcome of the potential claim from the contractor for the telephone system. The contractor has experienced various difficulties in reaching the completion date envisaged, as explained in paragraphs 7 to 14 of the report. The Committee notes that no additional resources are requested by the Secretary-General for the project in Addis Ababa.

4. In paragraphs 10 to 13 of the same report, it is indicated that installation of the private automatic branch exchange and cable network was completed by 31 August 1997 and that the telecommunications system was offered to the United Nations for acceptance testing but during testing, deficiencies were identified that should have been corrected by the contractor by 30 November 1997. The contractor has not been able to correct all the deficiencies identified during the testing because the telecommunications authorities of the host Government have not given permission to clear shipped items from customs. The telecommunications system contract allows for a warranty period of one year, effective 24 February 1998. The Advisory

Committee notes from paragraph 14 of the report that "it is expected that, as a result of ongoing discussions and negotiations with the host Government, the customs problem referred to in paragraph 11 will be resolved within the one-year warranty period, thereby allowing the contractor to obtain the materials to correct the remaining deficiencies".

5. The Advisory Committee expresses serious concern about the effect that any non-compliance with the provisions of the agreement between the host Government and the United Nations may have on the total cost of the telecommunications system project. The Committee recommends that the Secretary-General take urgent measures to find a solution to the dispute and report the result of the negotiation to the General Assembly before the end of 1998.

Notes

[1] A/52/579

Document A/53/7/Add.6

Seventh report

Conditions of service and compensation for officials other than Secretariat officials: members of the International Court of Justice

[Original: English]
[10 November 1998]

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General of 6 October 1998 on the conditions of service and compensation for the members of the International Court of Justice (A/C.5/53/11). The Advisory Committee also had before it the report of the Secretary-General of 22 October 1997[1] on the conditions of service for the judges of the International Tribunal for the Former Yugoslavia[2] and the International Tribunal for Rwanda.[3] During its consideration of the reports, the Committee met with representatives of the Secretary-General and with the Registrar of the Court, who provided additional information. The Committee had also exchanged views on this matter with members of the Court during its visit to The Hague in May 1998.

II. Conditions of service and compensation for members of the International Court of Justice

2. The report of the Secretary-General on the conditions of service and compensation for the members of the International Court of Justice (ibid.) was submitted pursuant to General Assembly resolution 50/216 of 23 December 1995. The report addresses the issue of the periodic review of the emoluments of the members of the Court and other conditions of service, includes a comprehensive review of the current pension scheme for the judges of the Court, and an analysis of the practice of the Court with respect to Article 16, paragraph 1, of its Statute, and addresses the issue of residence and non-residence status of the members of the Court.

Remuneration

3. The Advisory Committee recalls that the General Assembly, in its resolution 45/250 A of 21 December 1990, decided that, with effect from 1 January 1991, the annual salary of the members of the International Court of Justice would be $145,000 per annum. In its resolutions 48/252 A of 26 May 1994 and 50/216, section IV, of 23 December 1995, the Assembly decided to maintain the salary of the members of the Court at the same level.

4. The Advisory Committee also notes that the system of floor/ceiling exchange rates, whose introduction by the International Civil Service Commission (ICSC) dates back to 1987, continues to be applied to the salaries of the members of the

Court in order to protect their emoluments against a weakening or strengthening of the United States dollar in relation to the Netherlands guilder, in accordance with the terms of General Assembly resolution 48/252 A. Based on this methodology, the floor/ceiling rates are set at 4 per cent below and 4 per cent above the average exchange rate of the previous year. Accordingly, the floor/ceiling rates used for the years 1996 and 1997 were 1.75 and 1.89 guilders per dollar, based on the average exchange rate of 1.68 guilders for 1995 and 1.68 guilders for 1996. As indicated in paragraph 14 of the report of the Secretary-General, in view of the strengthening of the dollar during 1997, the floor/ceiling rates have been revised to 1.86 and 2.02 guilders per dollar for 1998, based on the average exchange rate for 1997 of 1.94 guilders to $1.00.

5. The Secretary-General, in paragraph 16 of his report, indicates, however, that although the floor/ceiling mechanism has served partially to offset fluctuations related to the exchange rates, the emoluments of the members of the Court have experienced a diminution in real value since 1991, owing to the increase in the cost of living in the Netherlands. The Advisory Committee was informed that the consumer price index (CPI) had increased from 100 in January 1991 to 119 in December 1997 — a 19 per cent increase. Moreover, as of August 1998, the CPI was at 120.2 — a 20 per cent increase since January 1991. This has been somewhat offset by a 5.4 per cent increase in the floor/ceiling exchange rates, as indicated in paragraph 18 of the above-mentioned report.

6. The Secretary-General is therefore proposing to restore the real level of emoluments of the members of the Court by increasing their level of annual remuneration by $19,500, or 13.4 per cent, from the current level of $145,000 to $164,500. The floor/ceiling mechanism would continue to be applied in order to protect their emoluments from the weakening or strengthening of the exchange rate.

7. The Advisory Committee recalls that further to its 1990 review of the emoluments and conditions of service of the members of the Court, it set forth in its report of 31 March 1994[4] the recommendation endorsed by the General Assembly in its resolution 48/252 A, that there should be no cost-of-living adjustment or post adjustment factor, emphasizing that the system of emoluments and conditions of service applicable to the members of the Court should be simple and distinct from any other in the United Nations system. However, while being sui generis, they cannot be considered in isolation. In addition to the information contained in the report of the Secretary-General, the Committee received information on the gross emoluments of officials of the Netherlands and national judiciaries of other countries.

8. After careful consideration and analysis of the proposals of the Secretary-General, and taking into account the increase in the CPI in The Hague since the last salary increase granted by the General Assembly in 1990, the Advisory Committee recommends that the annual salary of the members of the Court be set at $160,000, effective 1 January 1999, with the next review to take place no later than three years from 1 January 1999. The amount recommended by the Committee takes into account that the practice in the United Nations has been to adjust remuneration to a level somewhat less than 100 per cent with respect to the movement of the CPI.

9. The Advisory Committee points out that the financial implications for the programme budget for the biennium 1998-1999 of its recommendation to increase the annual salary of the members of the Court to $160,000, would amount to

$225,000 for 1999, instead of the amount of $292,500 indicated in the proposal of the Secretary-General and set out in table 6 of his report.

Other conditions of service

10. The Advisory Committee notes that the Secretary-General does not propose any change in the current level of special allowances of the President of the Court and the Vice-President when acting as President, or in the arrangements regarding the compensation of ad hoc judges. The Committee notes, however, that any change in the emoluments of the judges of the Court will have a direct impact on the remuneration of the ad hoc judges who receive, for each day they exercise their functions, one three-hundred-and-sixty-fifth of the annual salary payable at the time to a member of the Court as indicated in paragraph 25 of the report of the Secretary-General. It is clear from table 6 of the report of the Secretary-General that the financial implications of the proposal of the Secretary-General, based on an increase in the emoluments of the members of the Court to $164,500, would amount to an additional requirement of $38,500 as concerns the salaries of ad hoc judges. Based on an increase to $160,000 in the annual salary of the members of the Court, as recommended by the Committee, the additional requirements related to the salaries of ad hoc judges for 1999 are estimated at $30,000.

11. The Advisory Committee notes that the Secretary-General, in paragraphs 30 and 31 of his report, proposes that the increase in the level of the education grant (including for disabled children) applicable to staff in the Professional and higher categories approved by the General Assembly in its resolution 51/216, section IV, of 18 December 1996, effective 1 January 1997, be extended to the members of the Court as from 1 January 1998. It is also proposed that any decision taken by the Assembly at its fifty-third session in response to ICSC recommendations to update current levels of the education grant or change the provisions regarding disabled children also be extended to the members of the Court. The Committee notes that the programme budget implications for the biennium 1998-1999 of the education grant increase are estimated at $4,200, as indicated in the information provided in table 6 of the report of the Secretary-General. The Committee recommends that these proposals be approved.

Pension

12. The Advisory Committee recalls that in order to correct the anomaly of a disproportionate increase in pensions, as a result of the salary increase granted to the members of the Court, effective 1 January 1991, the Committee recommended at the time that the pension of the judges no longer be expressed as a percentage of their salary. In accordance with the terms of General Assembly resolution 45/250 B of 21 December 1990, the pension entitlement of the members of the Court was changed to a fixed amount, effective 1 January 1991 ($50,000 for a judge who had served a full nine-year term).

13. The Advisory Committee further recalls that, in its report submitted to the General Assembly at its forty-ninth session,[5] it recommended that the Secretary-General include a comprehensive review of the pension scheme for the members of the Court in his report to be submitted to the Assembly at its fiftieth session. The

subsequent report of the Secretary-General of 2 November 1995[6] included the full text of a review commissioned to a consulting actuary and the recommendations of the Secretary-General in this regard. However, in paragraphs 11 to 15 of its report of 12 December 1995,[7] the Committee pointed out that the rationale for the recommendations of the Secretary-General needed further analysis, explanation and cross-referencing to the report of the consulting actuary. The Assembly, in its resolution 50/216, section IV, requested the Secretary-General to re-examine the scheme, taking full account of the request of the Committee.

14. The Advisory Committee notes that the Secretary-General, in paragraph 38 of his report, has undertaken an analysis, presented in four parts, of the consulting actuary's recommendations relating to the pension scheme. Upon this basis, he makes a series of recommendations in paragraph 40 of his report regarding the pension scheme, which would basically restore the pre-1991 regime: the annual pension of a judge would be based on half the annual salary of a judge who had completed a full nine-year term, with a proportional reduction for a judge who had not completed a full term. A re-elected judge would receive one three-hundredth of his pension benefit for each further month of service, up to a maximum pension of two thirds of his annual salary. The pension scheme would be non-contributory and an actuarial reduction factor, at a rate of one half of 1 per cent per month, would be applied in case of early retirement. In addition, the Secretary-General recommends a pension equal to 60 per cent of a judge's pension for surviving spouses and, upon remarriage, the granting of a lump sum equal to twice the amount of the spouse's current annual benefit as a final settlement to surviving spouses.

15. The Advisory Committee agrees with the recommendations made by the Secretary-General in paragraph 40 (a), (c), (d) and (f). However, as for paragraph 40 (b), the Committee recommends a proportional reduction for a judge who has not completed a full nine-year term, but does not recommend any increase for service beyond nine years (see paras. 18 and 19 below). With regard to paragraph 40 (e) the Committee recommends that the 50 per cent basis also be applied to surviving spouse pensions.

16. In paragraph 41 of his report, the Secretary-General proposes that his recommendation to base the retirement pension at half the annual salary be implemented in two stages, in order to avoid a disproportionate increase in pension, with half the increase to come into force as of 1 January 1999 and half as of 1 January 2000. As indicated therein, the pension benefit would be increased from $50,000 to $66,125, effective 1 January 1999, and set at 50 per cent of the annual salary, effective 1 January 2000.

17. The Advisory Committee, however, is of the opinion that it would be more desirable to implement the recommendation of the Secretary-General in three stages instead of two: the first one, effective 1 January 1999, would increase the pension benefit by 20 per cent to $60,000; the second one, effective 1 January 2000, would increase the level another 16.7 per cent to $70,000; and the final one, effective 1 January 2001, would increase the level by a further 14.3 per cent to $80,000.

18. The Advisory Committee points out that if this formula is applied to the annual salary of $160,000 recommended by the Committee in paragraph 8 above, the pension benefit would be $80,000 per year. In the circumstances, the Committee does not believe it is necessary to continue current provisions affecting pension benefits for judicial service in excess of nine years, especially since the Court

pension scheme is non-contributory. Moreover, owing to cost-of-living adjustments in salary in the subsequent years, a judge who had served more than one term upon retirement would receive the same eventual increase in pension as would a judge already retired (see para. 21 below).

19. The recommendation of the Advisory Committee in paragraph 15 above, with regard to the pension benefit, represents a departure from current practice in that there would no longer be an increase in pension benefit for re-elected judges. As such, if the recommendation of the Committee is accepted, it should be applied with prospective effect. Thus, serving judges in office prior to 1 January 1999, who have been or are re-elected, should continue to be entitled to receive one three-hundredth of the pension benefit for each further month of service past nine years, up to a maximum pension of two thirds of annual salary. The recommendation of the Committee in paragraph 15 above would apply only to judges elected to terms commencing after 31 December 1998.

20. The Advisory Committee also recommends that pensions in payment be automatically revised by the same percentage and at the same date as salary adjustments, instead of pension entitlements as currently applied.

21. This recommendation, if accepted, would require a revision of article 7, paragraph 2, of the Pension Scheme Regulations for Members of the International Court of Justice.[8] That provision stipulates that pensions in payment shall automatically be revised by the same percentage and at the same date as pension entitlements. The recommendation of the Advisory Committee, to link changes in pensions in payments to changes in salary, is based on the consideration that a pension entitlement is established at the time of retirement and the conditions of service in effect at that time. Subsequently, the purchasing power of the pension entitlement should be maintained through adjustments in response to changes in the cost of living. The Committee is of the opinion that this is best achieved through a link to salary, which is adjusted from time to time to reflect changes in the cost of living. Application of this recommendation to current pensions in payment would result in a 10.3 per cent increase in these payments. For this reason, the Committee does not believe it is necessary to apply this recommendation prospectively only, since to do so would only result in a 60 per cent increase for current pensioners, which, in the opinion of the Committee would be disproportionate.

22. The financial implications for the biennium 1998-1999 of the proposal of the Secretary-General, indicated in table 6 of his report, amount to $391,200. The financial implications of the recommendation of the Advisory Committee would amount to $82,500, including the provision of surviving spouse pensions at 50 per cent. For the proposed programme budget for the biennium 2000-2001, the financial implications over the level of the biennium 1998-1999 related to pensions, including surviving spouse pensions, have been estimated at $204,600.

Analysis of the practice of the International Court of Justice with respect to Article 16, paragraph 1, of the Statute of the Court

23. The Advisory Committee notes that paragraphs 43 to 52 of the report of the Secretary-General contain an analysis of the practice of the Court regarding the application of Article 16, paragraph 1, of the Statute of the Court, in response to the Committee's comments and the General Assembly's request. The Committee further

notes that the Court, in clarification of its practice under Article 16 of the Statute, and in response to its own concerns as well as those of the Committee, adopted a new directive which is contained in paragraph 52 of the report.

Residence and non-residence status of the members of the International Court of Justice

24. In paragraph 6 of its report of 12 December 1995,[7] the Advisory Committee recommended "that the Secretary-General address the issue of residence and non-residence status of the members of the Court as it has an impact on their salary and other conditions of service, as well as the need to provide rules and procedures that regulate the administration of the benefits of the members of the Court". The Committee notes that the Secretary-General addresses the matter in paragraphs 53 to 59 of his report and provides certain clarifications. In addition, the Committee welcomes the inclusion of the Court's own view on residence status, as contained in paragraph 59 of the report of the Secretary-General.

Financial implications

25. The programme budget implications of the recommendations of the Secretary-General for the biennium 1998-1999, estimated at a total of $726,400 are indicated in table 6 of the report of the Secretary-General. If the General Assembly decided to endorse the recommendations of the Advisory Committee, the financial implications, as compared with those of the proposal of the Secretary-General, would be as follows (table 1):

Table 1
Programme budget implications for the biennium 1998-1999
(United States dollars)

	A/C.5/53/11	*Recommendations of the Advisory Committee*
Salary increase	292 500	225 000
Increase in the emoluments of ad hoc judges	38 500	30 000
Education grant increase	4 200	4 200
Pensions	391 200	82 500
Total	**726 400**	**341 700**

26. The Advisory Committee concurs with the statement made by the Secretary-General in paragraph 61 of his report that the emoluments of the ad hoc judges would be governed by the provisions of paragraph 1 (b) (i) of General Assembly resolution 52/223 of 22 December 1997 on unforeseen and extraordinary expenses for the biennium 1998-1999. The balance of the additional requirements arising from the increase in the annual salary and the costs of educating children of the members of the Court, as well as the additional pension payments in respect of former judges and widows of judges for the biennium 1998-1999, relate to inflation

and should be treated accordingly, that is to say, outside the procedure for the use of the contingency fund and should be reported in the performance report on the programme budget for the biennium 1998-1999.

III. Conditions of service of the judges of the International Tribunal for the Former Yugoslavia and the International Tribunal for Rwanda

27. The Secretary-General, in paragraphs 63 and 64 of his report refers to the terms and conditions of service of the judges of the International Tribunal for the Former Yugoslavia[2] which, according to article 13, paragraph 4, of its Statute are those of the judges of the Court, and those of the International Tribunal for Rwanda[3] which according to article 12, paragraph 5 of its Statute, are those of the International Tribunal for the Former Yugoslavia. The report further indicates that the General Assembly, in its review of the report of the Secretary-General of 22 October 1997,[1] upon the recommendation of the Advisory Committee, agreed in its resolutions 52/217 and 52/218, both of 22 December 1997, to defer consideration of the conditions of the pension entitlement for the members of the two Tribunals until the review of the emoluments and pension scheme of the members of the Court.

28. Table 7 of the report of the Secretary-General (ibid.) indicates the financial implications for the proposed resource requirements for 1999 for both Tribunals, were the General Assembly to approve the proposals contained in paragraphs 19, 25, 30, 31, 40 and 41 of that report. With regard to emoluments, the additional amount would be $273,000 for the International Tribunal for the Former Yugoslavia, and $175,500 for the International Tribunal for Rwanda. With regard to pensions, these additional amounts would be $49,600 for the International Tribunal for the Former Yugoslavia, and $8,800 for the International Tribunal for Rwanda (see table 2 below).

Table 2
Financial implications for the proposed resource requirements for 1999 for the International Tribunal for the Former Yugoslavia and the International Tribunal for Rwanda
(United States dollars)

	International Tribunal for the Former Yugoslavia		*International Tribunal for Rwanda*	
	A/C.5/53/11	*Recommendations of the Advisory Committee*	*A/C.5/53/11*	*Recommendations of the Advisory Committee*
Emoluments	273 000	210 000	175 500	135 000
Relocation allowance	-	-	9 000	6 900
Pensions	49 600	9 700	8 800	5 400
Total	**322 600**	**219 700**	**193 300**	**147 300**

29. However, on the basis of the recommendation of the Advisory Committee in paragraph 8 above to increase the annual salary for the members of the Court to

$160,000, the consequential increase in salary for the judges of the two Tribunals would result in additional financial requirements of $210,000 and $135,000, respectively, for the year 1999. The pension benefit for the judges of the two Tribunals would be based on that applicable to the judges of the Court, prorated to account for the difference in length in the terms of appointment, that is to say, nine years for the members of the Court versus four years for the judges of both Tribunals. On this basis, and using the phase-in formula recommended by the Committee for the judges of the Court, in paragraph 17 above, the retirement allowance for the judges of the two Tribunals who had served a full four-year term, would rise to $35,500 by 1 January 2001. The adoption of a pension scheme for the judges of both Tribunals would result in additional requirements for the year 1999 of $9,700 for the International Tribunal for the Former Yugoslavia and $5,400 for the International Tribunal for Rwanda.

30. For the years 2000 and 2001, the financial implications over the 1998 levels related to pensions, including for surviving spouses, have been estimated at $9,700 per annum for the International Tribunal for the Former Yugoslavia, and $9,000 per annum for the International Tribunal for Rwanda.

IV. Next comprehensive review

31. In paragraph 66 of the report of the Secretary-General, he proposes to undertake the next comprehensive review of the conditions of service of the members of the Court in the context of the fifty-sixth session of the General Assembly, should the Assembly decide to continue the three-year review cycle. The Advisory Committee believes that the three-year review cycle, established by the Assembly in its resolution 45/250 A is still the most appropriate.

Notes

[1] A/52/520.

[2] International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991.

[3] International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994.

[4] See *Official Records of the General Assembly, Forty-eighth Session, Supplement No. 7A* (A/48/7/Add.1-17), document A/48/7/Add.6.

[5] Ibid., *Forty-ninth Session, Supplement No. 7* (A/49/7 and Add.1-14), document A/49/7/Add.11.

[6] A/C.5/50/18.

[7] *Official Records of the General Assembly, Fiftieth Session, Supplement No. 7A* (A/50/7/Add.1-16), document A/50/7/Add.11.

[8] A/52/520, annex II.

Document A/53/7/Add.7

Eighth report

Integrated Management Information System project

[Original: English]
[20 November 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the tenth progress report of the Secretary-General on the Integrated Management Information System (IMIS) project (A/53/573). The Advisory Committee also had before it a report by independent experts (A/53/662 and Corr.1), submitted in accordance with General Assembly resolution 52/227 of 31 March 1998. During the course of its consideration of the reports, the Committee met with the Under-Secretary-General for Management and with other representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee welcomes the presentation of the tenth progress report and the report by the independent experts, and commends both the Secretary-General and the experts for the user-friendly format and clarity of content and structure of the two reports. The tenth progress report contains an overall description of the status of IMIS development and implementation and a description of the programme of work over the next two years, accompanied by revised budget estimates. Also included is information on activities undertaken since the ninth progress report on IMIS.[1] In addition, the report provides a description of the actions taken to address the recommendations of the General Assembly, the Board of Auditors and the independent experts.

3. The Advisory Committee notes the findings, conclusions and recommendations of the independent experts. Their management study has, among other findings, concluded that IMIS is a well-designed and robust computer application system, which is used satisfactorily by a large number of users with differing substantive interests (ibid., para. 236); there is no presently available commercial software which offers the full extent of integration of United Nations administrative and business data as that provided by IMIS (ibid., para. 237); a major accomplishment is that IMIS has not failed like many similar information management/information technologies initiatives elsewhere (ibid., para. 241); the development and implementation of IMIS has been accomplished by a relatively small IMIS project team (ibid., para. 242); for the first time in two or three decades, the business rules of the administrative, human resources and financial systems of the United Nations and their application are adequately documented (ibid., para. 243); the level of investment of $68 million in IMIS so far is reasonable for the outputs which have been produced (ibid., para. 246). The experts have also identified some problems related to IMIS management and implementation (ibid., paras. 17, 20-22, 46, 78 and 83-85).

4. The Advisory Committee examined the response of the Secretariat to all 11 recommendations of the expert study, including the basis for the request for resources for IMIS until completion of the project in 2000. The experts observed in paragraph 266 of the study that the most critical and challenging issue facing the Secretariat concerning IMIS is to attain acceptable implementation of most of the

IMIS system at the offices away from Headquarters in 1999. Accordingly, the study gives priority to the issue of IMIS implementation at those offices. Recommendations 1, 2, 3, 4 and 7 address this objective. The Committee notes that, of the additional $9.5 million requested for IMIS, an amount of $6.5 million is directly related to the implementation of IMIS at offices away from Headquarters.

5. The Advisory Committee stresses the importance of implementing all of the experts' recommendations, including those on an appropriate information technology infrastructure, and a long-term maintenance and inter-agency governance framework. The Committee was informed by the Under-Secretary-General for Management that proposals concerning inter-agency governance would be submitted to the Committee for review. The Committee points out that after installation of IMIS at offices away from Headquarters, priority should be given to the development of remote access and to the needs of peacekeeping operations as well as of the Tribunals. The Committee recommends that in his next progress report on IMIS and in the proposed programme budget for the biennium 2000-2001, the Secretary-General provide information on what would be required for and the implications of making IMIS a field as well as a Headquarters system. The Committee notes the observation of the Secretary-General, in paragraph 63 of annex I to the tenth progress report, that remote connectivity to IMIS is preferred in view of the low investment involved compared to the alternative of the deployment of complex administrative applications to duty stations.

6. The Advisory Committee notes the comments of the independent experts (ibid., para. 251) concerning a notion often invoked by agency representatives that commercially available packages are a viable and less costly alternative to adapting IMIS to the needs of the agency concerned. In its recent meetings with representatives of the specialized agencies, the Committee was informed that one of the disadvantages of adapting IMIS was that the system was not sufficiently field-oriented and that the cost of adapting it was higher than opting for commercially available packages (see document A/53/7 above, paras. 71-73). The Committee is of the view that Member States would save millions of dollars if the United Nations and its agencies were to use common types of information management systems for their personnel, financial and other management functions.

7. Subject to the foregoing, the Advisory Committee recommends that the General Assembly endorse the recommendations of the study by the independent experts. The Secretary-General should be requested to present, in the context of the eleventh progress report on IMIS, detailed information on the implementation of the expert recommendations.

8. The General Assembly, in its resolution 52/227, requested the Secretary-General to include in his tenth progress report a detailed plan of action and information on the final level of resources needed to resolve all outstanding problems so as to make the system fully operational, taking into account, inter alia, the study by the independent experts.

9. According to the Secretary-General, the main activities planned for the next two years are the following:

(a) Implementation of Release 3 (Finance and support services applications) at all offices away from Headquarters, except Nairobi, in 1999, and in Nairobi in early 2000;

(b) Implementation of Releases 4 (Payroll) and 5 (Operational applications) at Headquarters by August 1999 and at all offices away from Headquarters by August 2000;

(c) Completion of 90 reports, which are currently in preparation, and development of more than 110 additional standard reports by December 1999;

(d) Takeover by the Secretariat of the United Nations of maintenance of IMIS by December 1999;

(e) Creation, by January 2000, of a common service with other user organizations for the maintenance of the system (subject to approval by the governing bodies of each organization);

(f) Technical enhancements to improve system performance and reliability and to ensure that the system is year 2000 compliant;

(g) Establishment of an ongoing training programme in IMIS as part of overall staff training;

(h) Completion of the research already undertaken for remote access to IMIS using recent technological innovations.

10. The Advisory Committee notes, from paragraph 12 of the tenth progress report and paragraphs 50 to 54, annex I thereto, that a number of measures have been undertaken by the Secretariat to ensure that IMIS is fully year 2000 compliant and the work is expected to be completed during the second quarter of 1999. The Committee notes that, as a back-up measure, the Secretariat is making the current payroll legacy system year 2000 compliant.

11. A detailed description of staff training in IMIS is contained in paragraphs 55 to 60 of annex I to the tenth progress report. The Advisory Committee points out that training activities take into account the related request of the General Assembly, prior recommendations of the Committee, the Board of Auditors and the Office of Internal Oversight Services.

12. The Secretary-General estimates the revised total cost of the project development and implementation, on the basis of the study by the independent experts, at $77.6 million, reflecting an increase of $9.5 million over the amount of $68.1 million approved to date by the General Assembly. Of the additional $9.5 million, $6.5 million relates to the biennium 1998-1999 and the balance of $3 million would be required during the biennium 2000-2001.

13. As can be seen from the table in section III, "Budgetary matters", of the tenth progress report, the net additional requirements of $9.5 million are attributable mainly to general temporary assistance ($6.4 million) and contractual services ($5.9 million) and reflect also the impact of reduced requirements under travel ($1.3 million), training ($0.7 million), hardware ($0.3 million) and software ($0.5 million).

14. The increased requirements under general temporary assistance are mainly attributable to IMIS implementation at offices away from Headquarters, as is indicated in table 1 of annex III to the tenth progress report. The Advisory Committee notes that the proposed staffing includes an upgrading of one P-4 post to the P-5 level for a staff member to serve as head of the implementation team for

offices away from Headquarters. The Committee has no objection to the proposed staffing requirements under general temporary assistance.

15. The additional $5.9 million for contractual services would be required, as indicated in paragraph 27 of the tenth progress report, for the development of additional reports, for out-of-scope items that may arise during the extensive testing foreseen for Release 4 (Payroll), including bridges, interfaces, reports and monitoring tools, additional requirements of offices away from Headquarters and for keeping on board, for a period of one year, four contractors to facilitate the transition to total United Nations maintenance of the system after the departure of the main contractor, as recommended by the independent experts. Paragraphs 8 to 10 of annex III to the report provide additional information on the overall estimated requirements of $8.2 million for contractual services for the period from 1998 to project completion. The Advisory Committee has no objection to the proposed requirements under contractual services.

16. The estimated requirements for travel, training, hardware and software are explained in paragraphs 28 to 30 of the tenth progress report. The Advisory Committee has no objection to these requirements.

17. Taking into account the comments, observations and recommendations reflected in the paragraphs above, the Advisory Committee recommends that the General Assembly approve an additional amount of $9.5 million for the completion of IMIS, thus bringing the total cost of the project development and implementation to $77.6 million. The need for an additional appropriation under the programme budget for the biennium 1998-1999 should be considered in the context of the first performance report for the biennium 1998-1999.

18. The Advisory Committee points out that the regular budget contains a provision of $9.8 million for maintenance of IMIS during the biennium 1998-1999. The Committee recommends that, in his eleventh progress report on IMIS, the Secretary-General propose a long-term maintenance plan for IMIS, which would also take into account the need to ensure that IMIS will be updated with the latest advances in technology.

Notes

[1] A/52/711.

Document A/53/7/Add.8

Ninth report

First performance report of the Secretary-General on the programme budget for the biennium 1998-1999

[Original: English]
[1 December 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the first performance report of the Secretary-General on the programme budget for the biennium 1998-1999 (A/53/693). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. In accordance with the recommendations of the Advisory Committee, endorsed by the General Assembly at its thirty-second session, the report identifies adjustments required due to variations in the rates of inflation and exchange and in standards assumed in the calculation of the initial appropriations. The report also takes into account the additional mandates that the Assembly and the Security Council approved after the appropriation of the programme budget, unforeseen and extraordinary items that could not be deferred until the second year of the biennium, and decisions of policy-making organs that, in the view of the Secretary-General, are best dealt with in the context of the first performance report.

3. The current estimates of revised requirements under the expenditure sections of the programme budget for the biennium 1998-1999 amount to $2,484,130,300, as indicated in paragraph 5 of the report. These provide for a reduction of $48,200,900, compared with the appropriation of $2,532,331,200 approved by the General Assembly in its resolution 52/221 A of 22 December 1997.

4. As can be seen from the table in paragraph 5 of the report, the reduction of $48.2 million in expenditures reflects the combined effect of anticipated reductions of $27.6 million resulting from favourable changes in exchange rates, $11.7 million due to lower inflation rates than anticipated and $17 million attributable to adjustments to standard salary costs. These reductions were somewhat offset by additional requirements of $2.8 million related to commitments authorized under the terms of General Assembly resolution 52/223 of 22 December 1997 on unforeseen and extraordinary expenses and $5.3 million resulting from decisions of policy-making organs after the adoption of the programme budget.

5. Paragraphs 17 to 19 of the report provide information on the reduced requirements of $27.6 million resulting from favourable exchange rate fluctuations. As indicated in paragraph 18 of the report, the reduction of $27.6 million reflects the application to 1998 and 1999 of the average operational exchange rates experienced from January to November 1998. The Advisory Committee points out that the methodology used by the Secretary-General in the recosting of the impact of exchange rate fluctuations is in conformity with the previous recommendation of the Committee that the Administration use the operational rates of exchange in recosting exercises that would allow for the lowest estimates. Schedule 3 of the report provides detailed information on the operational rates of exchange in 1998 for all

main duty stations. The Committee also notes that, as stated in paragraph 17 of the report, adjustments resulting from actual experience in 1999 will be reflected in the second performance report.

6. As indicated in paragraph 20 of the report, the reduced requirements of $11.7 million reflect revised inflation rates and are based on promulgated post adjustment multipliers and the latest available information on consumer price indices. Schedules 1, 2 and 4 of the report contain detailed information on the revised inflation rates for all main duty stations.

7. The reduced requirements of $17 million attributable to adjustments to standard salary costs are explained in paragraphs 21 to 24 of the report. These requirements reflect a combined effect of reduced requirements of $25.9 million due to the level of vacancies realized in 1998 (10.5 per cent for the Professional category and above and 3.3 per cent for the General Service category), which were somewhat offset by increased requirements of $700,000 reflecting higher average salary costs than projected, $5.7 million relating to adjustments to the rates of common staff costs at several duty stations and $2.5 million relating mainly to the financial implications of the recommendations and decisions of the International Civil Service Commission.

8. With regard to vacancy rates, the Advisory Committee was not fully satisfied with the explanation provided by the Secretary-General in paragraph 24 of his report and requested a clearer and more comprehensive explanation for the persistently high vacancy rates. The Committee was subsequently given details of various factors that contributed to those rates, including a combination of the after-effects of the 1996-1997 recruitment freeze (lifted in April 1997) and a lengthy and complicated process for filling vacancies through recruitment and internal procedures. The Committee points out, as it has been doing for years, that unless measures are implemented to greatly simplify and streamline personnel procedures, high vacancy levels will continue, with a consequent impact on mandated programmes. Moreover, the Committee recalls that the General Assembly, in paragraph 23 of section II of its resolution 52/220 of 22 December 1997, reaffirmed that the vacancy rate was a tool for budgetary calculations and should not be used to achieve budgetary savings.

9. The Advisory Committee notes from paragraph 24 of the report that the increase in the 1998 vacancy factor in the adjustments to standards reflects only vacancies occurring in 1998 and would have no impact on the ability of the United Nations to recruit in 1999 and that initial appropriation vacancy rates of 5 per cent for Professionals and 2.5 per cent for General Service staff are retained for 1999.

10. Paragraphs 9 to 11 of the report deal with additional requirements of $2.8 million resulting from unforeseen and extraordinary expenses that fall under the terms of General Assembly resolution 52/223. Of the total of $2.8 million, an amount of $2.5 million represents commitments certified by the Secretary-General as relating to the maintenance of peace and security, $200,000 is attributable to commitments certified by the President of the International Court of Justice as relating to unforeseen and extraordinary expenses and $19,900 is attributable to commitments relating to the United Nations share in the financing of inter-organizational security measures.

11. An explanation of the estimated requirements of $5.3 million related to decisions of policy-making organs is contained in paragraphs 12 to 16 of the report. As can be seen from paragraph 12, the bulk of the estimated requirements falls under section 3, Peacekeeping operations and special missions ($4.7 million), and is attributable mainly to the United Nations Peace-building Support Office in Liberia ($1.6 million), the Special Envoy of the Secretary-General in Africa and the Representative and Regional Humanitarian Adviser of the Secretary-General for the Great Lakes region ($1.6 million) and the United Nations Office in Burundi ($1.1 million). Annex III to the report contains detailed information on the additional requirements of $4.7 million under section 3.

12. At the same time, the Advisory Committee points out that some additional requirements, estimated at approximately $47 million, have not been factored into the report, as can be seen from paragraphs 6 to 8. These requirements relate mainly to the revised estimates and statements of programme budget implications of the Secretary-General to be considered by the General Assembly at its fifty-third session, such as the United Nations Verification Mission in Guatemala, the Integrated Management Information System, the United Nations Civilian Police Mission in Haiti, and the special missions to Afghanistan and Bougainville. Under the current procedures, the financing of the above additional requirements will be dealt with separately by the Assembly before the end of 1998.

13. Paragraphs 26 to 28 of the report deal with revised requirements under income sections of the programme budget for the biennium 1998-1999; as can be seen, a decrease of $4.5 million under income section 1, Income from staff assessment, and a decrease of $158,200 under income section 2, General income, are somewhat offset by an increase of $302,400 under income section 3, Services to the public, resulting from the application of revised exchange rates and inflation factors.

14. Subject to its observation in paragraph 12 above, the Advisory Committee recommends approval of the revised requirements of the Secretary-General, namely, $2,484,130,300 under the expenditure sections, as set out in annex I A to the report, and $359,287,800 under the income sections, resulting in net revised requirements of $2,124,842,500, which is $43,648,400 less than the initial requirements. The Committee points out that these revised requirements will be adjusted to take into account the decision of the General Assembly on the additional requirements referred to in paragraph 12 above.

Document A/53/7/Add.9

Tenth report

Relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund

[Original: English]
[8 December 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General of 9 March 1998 on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund.[1] In the course of its deliberations, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee points out that resources appropriated by the General Assembly for perennial activities are subject to the approval of their respective mandates and may not be expended unless and until such mandates are approved or renewed.

3. Upon inquiry, the Advisory Committee was informed that, in the past, programme budgets included a number of perennial activities related to Namibia, Cambodia and apartheid. The programme budget for the biennium 1998-1999 includes, besides the Commission on Human Rights, the activities of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples and its subsidiary bodies, which are also approved annually by the General Assembly (see para. 2.97 of section 2, Political affairs, of the proposed programme budget for the biennium 1998-1999).

4. The Advisory Committee believes that problems in the interpretation of what is a perennial mandate should be settled by the General Assembly. The Committee recommends that the Assembly take note of the report of the Secretary-General of 9 March 1998.

Notes

[1] A/C.5/52/42.

Document A/53/7/Add.10

Eleventh report

Standards of accommodation for air travel

[Original: English]
[8 December 1998]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on standards of accommodation for air travel, covering the period from 1 July 1997 to 30 June 1998 (A/53/498). The Advisory Committee also had before it the report of the Secretary-General on the same subject, covering the period from 1 July 1996 to 30 June 1997.[1]

2. The reports of the Secretary-General were submitted pursuant to General Assembly decisions 44/442 of 21 December 1989 and 46/450 of 20 December 1991, in which the Assembly had requested the Secretary-General to continue to submit annual reports on standards of accommodation for air travel. The reports also contain information on all expenditure by the United Nations for first-class air travel and on the meetings attended by eminent persons for whom exceptions have been made for first-class air travel, as requested by the Assembly in its decision 40/455 of 18 December 1985 and section XIII of its resolution 45/248 A of 21 December 1990.

3. As indicated in the reports of the Secretary-General, the General Assembly, in its resolution 42/214 of 21 December 1987, inter alia, authorized the Secretary-General to exercise his discretion in making exceptions to allow first-class travel on a case-by-case basis. In accordance with administrative instruction ST/AI/249/Rev.3 of 29 March 1989, business-class air travel may also, in certain circumstances, be authorized by the Secretary-General.

4. During the period from 1 July 1996 to 30 June 1997, the Secretary-General authorized 25 cases of first-class travel and 23 cases of business-class travel as an exception to the standards of accommodation. The total additional costs incurred as a result of those exceptions amounted to $54,303.[2] For the period from 1 July 1997 to 30 June 1998, as indicated in paragraphs 8 and 10 of his report (ibid.), the Secretary-General authorized 24 cases of first-class air travel and 31 cases of business-class travel as an exception to the standards of accommodation, with a related additional expenditure of $81,837.

5. As can be seen from the information contained in table 1 below, which was provided to the Advisory Committee, in the past three bienniums there have been fewer exceptions for air travel and the related costs have been lower than in previous years. Table 2 below provides information on the number of cases approved or declined during the periods 1996-1997 and 1997-1998, and reflects the different categories for which exceptions were requested. The Committee requests that in future reports of the Secretary-General providing information on exceptions for first-class air travel by officials or eminent persons that have been approved, the nature of the event being attended by the official or eminent person should be more clearly specified.

Table 1
Exceptions for air travel, 1989-1998

	Number of exceptions		*Additional cost*	
Period	*Total*	*Annual change*	*Amount (US dollars)*	*Annual change (US dollars)*
1989-1990	109	-	95 956	-
1990-1991	110	+1 (+0.9%)	106 600	+10 644 (+11.1%)
1991-1992	172	+62 (+56.4%)	201 373	+94 773 (+88.9%)
1992-1993	143	-29 (-16.9%)	152 187	-49 186 (-24.4%)
1993-1994	96	-47 (32.9%)	97 060	-55 127 (-36.2%)
1994-1995	139	+43 (+44.8%)	128 203	+31 143 (+32.1%)
1995-1996	64	-75 (-54%)	75 070	-53 133 (-41.4%)
1996-1997	48	-16 (-25%)	54 303	-20 767 (-27.7%)
1997-1998	55	+7 (+14.6%)	81 837	+27 534 (+50.7%)

Table 2
Number and category of exceptions, 1996-1997 and 1997-1998

	1996-1997[a]			*1997-1998[a]*		
	Approved	*Declined[b]*	*UNDP*	*Approved*	*Declined[b]*	*UNDP*
First class						
Medical condition	0	1 (age)		1	2 (1 age, 1 unfit)	
Regular standard of accommodation not available	5	0		4	0	
Eminent person	2	0		0	1	
Donating services free of charge	6	2		3	0	
Arduous journey	1	0		0	0	
Security officer	11	0		13	0	
Deputy Secretary-General	0	0		3	0	
Subtotal	**25**	**3**		**24**	**3**	

	1996-1997[a]			1997-1998[b]		
	Approved	*Declined*[c]	*UNDP*	*Approved*	*Declined*[d]	*UNDP*
Business class						
Medical condition	3	0	0	8	1 (age)	0
Regular standard of accommodation not available	4	0	1	6	0	5
Eminent person	12	4	4	9	15	6
Donating services free of charge	4	1	0	6	1	0
Arduous journey	0	0	0	2	0	2
Security officer	0	0	0	0	0	0
Other	0	0	0	0	2	0
Subtotal	**23**[e]	**5**	**5**	**31**[f]	**19**	**13**
Total	**48**	**8**	**5**	**55**	**22**	**13**

[a] Of all requests received by the Under-Secretary-General for Management in 1996-1997, 15.7 per cent were declined.

[b] Of all requests received by the Under-Secretary-General for Management in 1997-1998, 34.4 per cent were declined.

[c] If security officer is not taken into account, 20 per cent were declined.

[d] If security officer and Deputy Secretary-General are not taken into account, 45.8 per cent were declined.

[e] Of the 23 exceptions for business-class travel made in 1996-1997, 5 were granted by UNDP using its delegated authority.

[f] Of the 31 exceptions for business-class travel made in 1997-1998, 13 were granted by UNDP using its delegated authority.

Notes

[1] A/52/517.

[2] Ibid., para. 10.

Document A/53/7/Add.11

Twelfth report

United Nations Fund for International Partnerships

[Original: English]
[14 May 1999]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the United Nations Fund for International Partnerships (A/53/700 and Add.1) submitted pursuant to General Assembly decision 52/466 of 31 March 1998. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee recalls that the Fund was created following the announcement by Mr. Robert Edward Turner, on 18 September 1998, of a gift valued at $1 billion in support of United Nations causes. The details regarding the establishment of the Fund along with the observations and recommendations of the Committee throughout the process are described in full in the report of the Secretary-General (A/53/700, paras. 3-12). The agreement that was signed on 12 June 1998 between the United Nations and the United Nations Foundation, Inc. is contained in annex I to the report of the Secretary-General (A/53/700).

3. The functions and composition of the Advisory Board which assists the Secretary-General in his review of proposals to the Foundation, are set out in the report of the Secretary-General (ibid., paras. 14-18). The Advisory Committee notes that the Advisory Board of the Fund has held four meetings from 27 April 1998 to date.

4. The Advisory Committee notes further, from the information provided in the report of the Secretary-General, that three funding rounds have been completed to date: May 1998, September 1998, and February 1999 (ibid., paras. 19-23, and A/53/700/Add.1, paras. 1 and 2). Out of over 520 proposals received and analysed by the Fund's secretariat, the Secretary-General and his Advisory Board have recommended 95 projects, and the Foundation has approved a total of 64 projects for funding.

5. The Advisory Committee notes that the methods of work have improved consistently during the first year of operation. The Committee notes further that not only has the solicitation, review and selection process for project proposals been re-examined to promote a greater degree of strategic and programmatic focus, but that ways to measure the achievements and impact derived from the contribution of the Foundation have also been addressed. As indicated in the report of the Secretary-General, Programme Framework Groups have been established to provide guidance for the preparation of specific projects, with the participation of United Nations entities, external entities, the United Nations Fund for International Partnerships, the United Nations Foundation, Inc. and the World Bank (A/53/700/Add.1, para. 4). The Committee trusts that the guidelines for preparing projects will be widely distributed with a view to facilitating the presentation and adoption process.

6. The goal of the revised programmatic approach, as indicated in the report of the Secretary-General (ibid., para. 3), is to provide better definition and focus within the broad areas of concentration identified by the Foundation, while promoting greater inter-agency consultation in the definition of opportunities to be pursued by the United Nations system with funding from the Foundation. Two Programme Framework Groups commenced their work in mid-February 1999 (population and women and children's health) and another on environment will start work later on in the year.

7. The Advisory Committee notes that paragraph 16 of the agreement between the United Nations and the Foundation provides for the reimbursement of administrative costs for the administration of the Fund at a rate not to exceed 1 per cent of the amounts channelled through the Fund by the Foundation. The Foundation provides an advance against the Fund's administrative costs at the beginning of each calendar year and another advance at the beginning of the second half of the year.

8. However, the Advisory Committee also notes that a figure of 6 per cent was agreed upon by the implementing partners and the Fund for project support costs, pursuant to paragraph 16 of the above-mentioned agreement. Of this amount, 5 per cent corresponds to the support costs of the implementing partners and 1 per cent corresponds to project support costs of the Fund's programme development facility.

9. The Advisory Committee requested a breakdown of the annual indicative planning figure of $100 million to be programmed along the lines discussed in paragraphs 5 and 6 above and was provided with the following information:

(Millions of United States dollars)[a]

Women and population	30.0
Children's health	30.0
Environment	20.0
Fourth basket (humanitarian issues, institutional support, etc.) and Better World Fund[b]	14.4
Administrative and programme development facility of the United Nations Fund for International Partnerships	1.6
United Nations Foundation, Inc.	4.0
Total	**100.0**

[a] All funds approved by the Board of Directors of the United Nations Foundation, Inc. for projects and activities under women and population, children's health, environment and the "fourth basket" (except those channelled through the Better World Fund) are channelled through the United Nations Fund for International Partnerships by the Foundation. Additional funds, in the form of matching grants for projects and activities under the aforementioned themes, are also channelled through the Fund by the Foundation. These matching grants are over and above the yearly $100 million indicated above.

[b] The Better World Fund undertakes funding of projects and activities concentrated in the United States of America that support or are supportive of the United Nations. These do not go through the United Nations Fund for International Partnerships.

10. The Advisory Committee notes further that the staffing establishment of the Fund is headed by an Executive Director who reports to the Secretary-General, in addition to one Director-level official, two P-5s, three P-4s, one junior professional officer and five General Service staff. However, the Committee has indicated its intention to review the Assistant Secretary-General-level post of the Executive Director after 31 December 1999, in the context of the examination of the administrative budget of the Fund for the year 2000. The Committee notes that the post is vacant at present.

11. The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/53/700 and Add.1). The Committee will provide additional comments in the context of its consideration of the proposed programme budget for the biennium 2000-2001.

Document A/53/7/Add.12

Thirteenth report

Development Account

[Original: English]
[17 May 1999]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the utilization of the development dividend (A/53/374/Add.1) and on the modalities for operating the Development Account (A/53/945). During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee recalls the reports issued to date containing its observations and recommendations on the subject of the Development Account of 27 February 1998,[1] 8 May 1998,[2] 25 September 1998 (document A/53/7/Add.1 above) and 20 October 1998 (document A/53/7/Add.4 above).

3. Moreover, in its report of September 1998, the Advisory Committee welcomed the fact that a number of its observations and recommendations, as contained in its reports of February and May 1998, had been taken into account. The Committee notes that the report of the Secretary-General on the modalities for operating the Development Account (A/53/945) is broadly in line with the views expressed by the Committee in its report of October 1998. However, the Committee reiterates its recommendation that section 33 of the proposed programme budget for the biennium 2000-2001[3] be entitled "Supplementary development activities" and that the term "Development Account" be reserved for financing, accounting and auditing purposes for the sake of clarity, as already indicated in paragraph 15 of its report of September 1998.

4. The report of the Secretary-General (ibid.) outlines the modalities for the use and operation of a proposed special account for supplementary development activities of a multi-year nature, to which amounts appropriated to a related budget section would subsequently be transferred. As indicated therein, this would allow for the handling of projects on a multi-year basis, while the regular budget section appropriation would be handled in a biennial framework. The Advisory Committee notes that this would address the limitations imposed by article IV of the Financial Regulations of the United Nations, in particular regulation 4.3, which limits the availability of appropriations to 12 months following the end of the financial period to which they relate. It is also in accordance with rules 106.3 and 106.4 of the Financial Rules of the United Nations, which allow for the establishment of special accounts, with the appropriate authority defining its purpose and limits. The Committee points out that special accounts of a multi-year nature are used for the construction funds and the Integrated Management Information System.

5. Recommendations of the Secretary-General to the General Assembly for the transfer of resources related to productivity gains from other budget sections to a budget section on supplementary development activities would be contained in the second performance report on the programme budget for the biennium. As indicated

by the Advisory Committee in its previous report and also in the report of the Secretary-General (ibid., para. 4), these productivity gains would only include gains that have been verified and are sustainable, and that do not have any adverse impact on mandated work programmes.

6. As also indicated in the report of the Secretary-General (ibid., paras. 7 and 8), in January of the first year of the biennium, the funds appropriated by the General Assembly under the budget section related to supplementary development activities would be transferred to the special account. Then in the second year of the biennium, after consideration of the second performance report on the programme budget, the productivity gains identified and approved by the Assembly would be transferred to the budget section on supplementary development activities and subsequently to the special account. For illustration purposes, an indicative chart provided to the Advisory Committee by the Secretariat, showing the movements of productivity gains through the relevant section of the programme budget and the special account, is annexed to the present report.

7. The Advisory Committee notes that for the proposed programme budget for the biennium 2000-2001 the Secretary-General will propose that the General Assembly appropriate an amount of approximately $13 million for supplementary development activities. The Committee understands that projects related to this appropriation will be considered and approved by the Assembly at its fifty-fourth session.

8. The Advisory Committee recalls that in its report of September 1998 (document A/53/7/Add.1 above, para. 9) it had pointed out that once a.. efficiency gain has been achieved, the relevant transfer, after approval by the General Assembly, would be added to the maintenance base of the budget section that relates to the Development Account. In keeping with standard budgetary practice, it is therefore reappropriated from biennium to biennium.

9. Also in that report, the Advisory Committee indicated that it had been informed that possible additional savings arising out of efficiency measures, amounting to between $5 million and $7 million could be realized during the biennium 1998-1999 (ibid., para. 8). The Committee was informed, however, that the Secretariat did not expect this amount to be released as projected. In the same paragraph, the Committee also indicated that, at the time, the Secretary-General had projected that the level of resources resulting from efficiency gains would be approximately $53 million by the end of 2001.

10. In this connection, the Advisory Committee notes that the amount of $40 million projected for 2002-2003, as indicated in the report of the Secretary-General (A/53/945, annex I.b), should instead read $53 million — to include the $13 million already appropriated for the biennium 2000-2001 and in line with the amount indicated in paragraph 9 above. Furthermore, the Committee notes that the timetable and reporting frequency shown in annexes I.a and I.b should be regarded as provisional, to be amended and adjusted on the basis of experience. Moreover, the Committee believes that an interim report could be provided at the end of the first year of the biennium on the status of projected productivity gains.

11. The Advisory Committee recommended in its report of September 1998 that the maintenance base of the budget section that relates to the Development Account should not be re-costed (document A/53/7/Add.1 above, paras. 9 and 10).

Furthermore, gains from currency fluctuations and inflation and savings resulting from underexpenditure resulting from the postponement of activities or an inability to implement approved mandates and programmes should not be available for transfer to the Development Account. The representatives of the Secretary-General assured the Committee that this procedure would be followed in implementing the modalities for the operation and use of the resources for the budget section on supplementary development activities and the Development Account.

12. The Advisory Committee notes that contrary to its recommendation (ibid., para. 13), the proposed programme budget for the biennium 2000-2001 makes no indication of projections of possible productivity gains. In this connection, the Committee notes that the Secretary-General, in his introduction to the proposed programme budget for the biennium 2000-2001, indicated that information regarding initiatives by programme managers to improve productivity and enhance the quality of programme performance was not included because developments precluded such a procedure.[4] The Secretary-General has indicated that once the General Assembly has completed its consideration of matters related to the Development Account he would probably be in a position to report on the specific measures he would apply in the context of implementing the budget for the biennium 2000-2001. The Committee will make detailed observations in connection with its examination of the proposed programme budget for the biennium 2000-2001.

Utilization of the development dividend

13. The report of the Secretary-General on the utilization of the development dividend (A/53/374/Add.1) has been submitted pursuant to the request made by the General Assembly in its resolution 53/220 A of 7 April 1999. The views of the Advisory Committee are contained in its report on this subject (document A/53/7/Add.4 above). The Committee notes that the Assembly approved four of the eight proposals indicated in the report of the Secretary-General. The proposals have all been reformulated, with the exception of proposal C, as requested by the Assembly, so that they are in line with the Financial Regulations and Rules of the United Nations and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, as revised in its resolution 53/207 of 18 December 1998.

14. The proposals contained in the report of the Secretary-General also take into account the emphasis that should be placed on the promotion of development activities in developing countries and countries with economies in transition, as well as the criteria indicated by the General Assembly in its resolution 53/220 A: that they have multiplier effects and promote capacity-building primarily in developing countries; that they promote regional and interregional economic and technical cooperation among the developing countries; and that they use available human and technical resources from the developing regions. The Advisory Committee was informed that this resulted in a considerable increase in the resources allocated to project F (online network of regional institutions for capacity-building in public administration and finance), which increased by $1,015,000, and project H (activities for the implementation of Agenda 21, the Copenhagen Declaration and Programme of Action of the World Summit for Social Development and the Beijing Declaration and Platform for Action), which increased by $1,240,000. The

Committee requests that additional clarification be provided to the Fifth Committee in this regard.

Conclusion

15. The Advisory Committee agrees with the proposals made by the Secretary-General in paragraph 15 of his report (A/53/945), and recommends that the General Assembly approve them.

Notes

[1] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 7A* (A/52/7/Add.1-10), document A/52/7/Add.10.

[2] A/52/894.

[3] *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 6* (A/54/6/Rev.1), vol. I-III.

[4] Ibid., vol. I, para. 43.

Annex

Indicative chart showing movements of productivity gains through section 34 of the programme budget for the biennium 1998-1999[a] into the special account[b]

(Millions of United States dollars)

		Regular budget section 34			*Special account*		
Action	*Date*	*Resources made available*	*Expenditure*	*Balance*	*Resources made available*	*Expenditure*	*Balance*
Biennium 1998-1999							
Initial appropriation	December 1997	13.1	-	13.1	-	-	-
Transfer to special account as approved by the General Assembly	May 1999	-	13.1	-	13.1	-	13.1
Productivity gains	December 1999	-	-	-	-	-	13.1
Expenditure during 1999 on projects approved by the General Assembly	April-December 1999	-	-	-	-	5.0	8.1
Total	-	**13.1**	**13.1**	-	**13.1**	**5.0**	**8.1**
Biennium 2000-2001							
Brought forward from 1998-1999	-	-	-	-	8.1	-	8.1
Initial appropriation	December 1999	13.1	-	13.1	-	-	8.1
Transfer to special account as approved by the General Assembly	January 2000	-	13.1	-	13.1	-	21.2
Expenditure during biennium on projects approved by the General Assembly[c]	January 2000-December 2001	-	-	-	-	7.9	13.3
Expenditure during biennium on projects approved by the General Assembly[d]	-	-	-	-	-	9.1	4.2
Transfer of productivity gains reported for the biennium in the second performance report on the programme budget as approved by the General Assembly[e]	December 2001	31.0	-	31.0	-	-	4.2
Transfer to special account as approved by the General Assembly	December 2001	-	31.0	-	31.0	-	35.2
Total	-	**44.1**	**44.1**	-	**52.2**	**17.0**	**35.2**
Cumulative total	-	**57.2**	**57.2**	-	**57.2**	**22.0**	**35.2**

[a] Section 33 of the proposed programme budget for the biennium 2000-2001.

[b] With the exception of the initial appropriation figure for 1998-1999, all figures shown are hypothetical and for illustrative purposes only.

[c] The expenditure relates to projects submitted in document A/53/374/Add.1 in the amount of $12.945 million.

[d] The expenditure relates to project proposals to be submitted as per annex I.a of document A/53/945 for $13.065 million.

[e] Preliminary estimates of $40 million were projected in document A/52/1009 for the biennium 2000-2001. It is assumed that the approved transfers may be a somewhat lower figure.

Document A/53/7/Add.13

Fourteenth report

Question of East Timor

[Original: English]
[20 May 1999]

1. The Advisory Committee on Administrative and Budgetary Questions has received the report of the Secretary-General on the question of East Timor (A/C.5/53/61). As indicated in paragraph 4 of the report, the Security Council, in its resolution 1236 (1999) of 7 May 1999, welcomed the intention of the Secretary-General to establish as soon as practicable a United Nations presence in East Timor, with a view to assisting in the implementation of the Agreement between the Republic of Indonesia and the Portuguese Republic on the question of East Timor (A/53/951, annex I).

2. The Advisory Committee notes from paragraphs 2 and 3 of the report of the Secretary-General that two supplementary agreements were also concluded on 5 May 1999 between the United Nations and the Governments of Indonesia and Portugal: the Agreement regarding the modalities for the popular consultation of the East Timorese through a direct ballot (ibid., annex II) and the Agreement regarding security (ibid., annex III). Accordingly, the two parties requested the United Nations to deploy, immediately upon signature, United Nations personnel adequate for the execution of the various phases of the consultation process. In this connection, the Committee notes that the Secretary-General has begun to deploy personnel to East Timor in the areas of political affairs, electoral assistance, administration and logistics, with the exception of the civilian police component.

3. The Advisory Committee notes that, in paragraph 8 of its resolution 1236 (1999), the Security Council requested the Secretary-General to keep it closely informed of the situation in East Timor, to report to it as soon as possible, and in any event by 24 May 1999, on the implementation of the Agreements, specifying the detailed modalities of the consultation process, to make detailed recommendations to the Council for a decision on the mandate, size, structure and budget of a United Nations mission in East Timor, including civilian police officers to act as advisers to the Indonesian police in the discharge of their duties in East Timor. The Committee further notes that, in paragraph 9 of the same resolution, the Council expressed its intention to take a prompt decision on the establishment of a United Nations mission on the basis of the report to be submitted by the Secretary-General by 24 May 1999.

4. With regard to paragraph 8 of Security Council resolution 1236 (1999), the Advisory Committee recalls that the General Assembly, in section VI of its resolution 45/248 B of 21 December 1990, reaffirmed that the Fifth Committee is the appropriate Main Committee of the General Assembly entrusted with responsibilities for administrative and budgetary matters, and expressed concern at the tendency of the substantive Committees of the General Assembly and other intergovernmental bodies to involve themselves in administrative and budgetary matters. The Committee recalls that, in the same resolution, the Assembly invited the Secretary-General to provide all intergovernmental bodies with the required information regarding procedures for administrative and budgetary matters.

5. Subsequent to the submission of the report of the Secretary-General, the Advisory Committee was informed that, following such action as the Security Council may take on the matter, the Secretary-General would submit a revised budget for the full cost of the entire mission, including civilian police. Therefore, the Committee did not consider the budget contained in the report of the Secretary-General and, instead, recommends the procedure set out in paragraph 8 below.

6. In this connection, the Advisory Committee stresses that, whether it be peacekeeping or the regular budget, it is important to show and to authorize spending for the full cost of the mandated activities of an operation or mission, regardless of the source of funding.

7. The Advisory Committee was further informed that, pending submission of a revised budget by the Secretary-General, an amount of $35 million would need to be committed from all sources of funds.

8. In the circumstances, the Advisory Committee recommends approval of commitment authority of $35 million for the initial requirements of United Nations activities related to East Timor, pending further action by the Security Council and the submission of a revised budget by the Secretary-General. This recommendation of the Committee is without prejudice to the ultimate mode of financing to be decided upon by the General Assembly for the expenses of the United Nations in East Timor.

Document A/53/7/Add.14

Fifteenth report

Question of East Timor

[Original: English]
[18 June 1999]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General of 11 June 1999 on the question of East Timor (A/C.5/53/63). During consideration of this matter, the Advisory Committee met with representatives of the Secretary-General.

2. As indicated in paragraph 2 of the report of the Secretary-General, in its decision 53/472 of 25 May 1999, the General Assembly authorized the Secretary-General to enter into commitments up to $35 million, from all sources of funds, for the initial requirements of United Nations activities related to East Timor, pending further action by the Security Council and the submission of a revised budget by the Secretary-General.

3. The Security Council, in paragraph 1 of its resolution 1246 (1999) of 11 June 1999, decided to establish the United Nations Mission in East Timor until 31 August 1999.

4. In accordance with the overall agreement, signed on 5 May 1999, between the Governments of Indonesia and Portugal and the two supplementary agreements of the same date between the United Nations and the two Governments (A/53/951-S/1999/513, annexes I-III), and as decided by the Security Council in paragraph 1 of resolution 1246 (1999), the Mission will organize and conduct a popular consultation, scheduled for 8 August 1999, on the basis of a direct, secret and universal ballot, in order to ascertain whether the East Timorese people accept the proposed constitutional framework providing for a special autonomy for East Timor within the unitary Republic of Indonesia or reject the proposed special autonomy for East Timor, leading to East Timor's separation from Indonesia.

5. In paragraph 4 of its resolution 1246 (1999), the Security Council also endorsed the proposal of the Secretary-General in his report of 22 May 1999 (S/1999/595) that the Mission incorporate political, electoral and information components.

6. The Advisory Committee notes from paragraph 1 of the report of the Secretary-General of 11 June 1999 that he has established a trust fund for the settlement of the question of East Timor to which Member States may channel voluntary contributions. The Committee was provided with the status of contributions to the trust fund as at 11 June 1999 (see annex to the present report).

7. With regard to voluntary contributions, it is the view of the Advisory Committee that the Secretary-General will require maximum flexibility in the use of funds. To this end, the Secretary-General should continue to seek untied contributions.

8. The Advisory Committee notes from paragraph 6 of the report that the full cost of implementing the Mission for the period from 5 May to 31 August 1999 is

estimated at $52,531,100 gross ($51,340,600 net). The budget estimates include provisions for 50 military liaison officers, 274 civilian police officers, 242 international staff, 425 United Nations Volunteers and some 3,645 local staff (see annex I.C to the report). Military personnel costs are estimated at $688,800, civilian personnel costs at $18,266,500, operational costs at $27,182,200 and other programmes costs at $5,203,100 (see annexes I.A and I.B to the report).

9. The Advisory Committee was informed that 117 international staff and 20 United Nations Volunteers had arrived in the mission area, 52 international staff were on travel status and the remaining international staff and United Nations Volunteers would arrive in the mission area by the end of June; 58 civilian police officers had been authorized and were already in Darwin. The Committee notes that there will be some savings in the civilian personnel costs owing to the phased deployment of personnel to the mission area.

10. The Advisory Committee is aware that the activities of the Mission will have to be implemented within a rather limited time period. The Committee notes that the budget estimates were prepared under conditions of uncertainty, which have made the preparation of accurate estimates difficult. In this regard, the Committee has noted a number of instances where actual expenditures may prove to be lower than the estimates.

11. For example, as mentioned in paragraph 9 of the annex to the report of the Secretary-General, in the section on premises and accommodation, the provision for the rental of 24 private houses for district offices is estimated at $3,500 per month for two months ($168,000). The Advisory Committee understands that this represents a sharp increase compared to the rates that prevailed prior to the arrival of the United Nations.

12. In other cases, as in paragraph 15 of the annex to the report, there are some items in the budget which are difficult to justify, such as the cost for spare parts, repairs and the maintenance of new vehicles calculated at $100 per vehicle per month ($130,200). The Advisory Committee questions such an estimate for vehicles under warranty.

13. Provisions for travel ($646,300) and for short-term charter flights to deploy the medical unit ($183,000) also appear high and are not convincingly explained. Similarly, provisions for external polling at locations of major East Timorese concentration outside East Timor and Australia ($1,714,900) are not sufficiently explained in the document.

14. In view of the uncertainties and time constraints that affected the preparation of the budget, the Advisory Committee does not recommend any reduction in the estimates proposed at this time. However, the Committee believes that efforts should be made to make savings during the implementation of the operation, and requests the Secretary-General to report on this in the context of the updated report to be submitted to the General Assembly by the Secretary-General during the early part of the fifty-fourth session of the Assembly.

15. The Advisory Committee points out that, as required by Article 17, paragraph 2, of the Charter of the United Nations, the expenses of the Mission, as expenses of the Organization, are to be borne by the Members, as apportioned by the General Assembly. As such, and as has been emphasized by the Committee previously, in paragraph 6 of its report of 20 May 1999 (document A/53/7/Add.13, above), the full

costs of an operation or Mission must be shown in its budget and appropriated by the General Assembly regardless of the source of funding, it being understood that such voluntary contributions as are received would be credited in the manner required by the Financial Regulations and Rules of the United Nations.

16. In the case at hand, the approach adopted by the Secretariat is highly unusual since it proposed approval of a budget without specifying the section of the budget under which the expenditure would be authorized or, alternatively, requesting the opening of a special account as is done for mandated activities financed outside the regular budget.

17. The Advisory Committee believes that it is inadvisable to wait until the fifty-fourth session of the General Assembly to determine this matter. Accordingly, it recommends that the Assembly take action now to determine the mode of financing so that the requisite amounts could be appropriated in accordance with the Financial Regulations and Rules of the United Nations.

18. In this connection, it is the view of the Advisory Committee, bearing in mind the size, scope and nature of the activity at hand, that it should be financed through a special account with a special scale of assessment.

Annex

Voluntary contributions for East Timor

(as at 11 June 1999)

	Thousands of United States dollars	*Date received*
I. Trust fund		
(a) Contributions		
Australia	6 502.0	30 April 1999
Portugal	10 000.0	5 May 1999
Norway	503.4	12 May 1999
New Zealand	200.0	24 May 1999
Finland	526.3	2 June 1999
Japan	4 000.0	8 June 1999
Subtotal	**21 731.7**	
(b) Written pledges		
United Kingdom of Great Britain and Northern Ireland	1 000.0	24 May 1999
Japan	6 110.0	9 June 1999
Republic of Korea	200.0	9 June 1999
Subtotal	**7 310.0**	
(c) Other communications	14 235.6	
Subtotal (a, b and c)	**43 277.3**	

	Thousands of United States dollars	*Date received*
2. **In-kind contributions (budgeted):**		
Written pledges:		
Australia	3 438.7	
Total	**46 716.0**	

Document A/53/7/Add.15

Sixteenth report

Outline of the proposed programme budget for the biennium 2000-2001 for the International Trade Centre UNCTAD/WTO

[Original: English]
[22 June 1999]

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the outline of the proposed programme budget for the biennium 2000-2001 for the International Trade Centre UNCTAD/WTO (A/54/127).

2. As indicated in paragraph 1 of the report of the Secretary-General, the General Assembly, in its decision 53/411 B of 18 December 1998, endorsed the revised administrative arrangements for the International Trade Centre as set out in paragraph 11 of the report of the Advisory Committee of 29 September 1998 (document A/53/7/Add.3 above).

3. As indicated in the table in paragraph 7 of the report of the Secretary-General, the outline shows total resources of 59,204,600 Swiss francs, with income indicated at SwF 810,000, that is, SwF 405,000 per annum, and the United Nations share of the costs at SwF 29,197,300. The Advisory Committee was informed that the income figure reflected was steady and attainable with the bulk of it being in Swiss francs.

4. The Advisory Committee was informed that the Committee on Budget, Finance and Administration of the World Trade Organization which considered and took note of the International Trade Centre outline on 16 June 1999 had expressed the view that the programme and budget document to be presented to both parent organizations in the autumn of 1999 should reflect both an administrative section and a functional or programmatic section. The latter should include a statement of objectives of the individual organizational units, as well as a citation of their outputs to be achieved by the end of the year.

5. The Advisory Committee recommends that the General Assembly approve the amount of SwF 59,204,600 for the outline for the biennium 2000-2001. However, the Committee draws attention to paragraph 9 of the report of the Secretary-General. The actual procedure followed has not been in conformity with the recommendations of the Committee as outlined in paragraph 11 of its report (ibid.). In subparagraph (a), the submission of an outline in May of the year preceding the United Nations financial period would be followed by the submission to the General Assembly of an initial fascicle of the United Nations proposed programme budget based on that outline. The Committee points out that the fascicle for section 11B, International Trade Centre UNCTAD/WTO, of the proposed programme budget for the biennium 2000-2001 is not based on the outline, and, in fact, preceded it since it was distributed on 16 April 1999. The outline, which should have been received by the Committee at the beginning of May, was not issued until 8 June 1999. The Committee trusts that this deviation from the agreed procedure will be corrected for the next proposed programme budget.

Annex

Reports presented orally by the Chairman of the Advisory Committee on Administrative and Budgetary Questions at Meetings of the Fifth Committee

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Revised estimates resulting from resolutions and decisions of the Economic and Social Council at its substantive session of 1998

1. At the 28th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that the financial implications of the resolutions and decisions adopted by the Economic and Social Council at its substantive session of 1998 would result in a reduction of the requirements against the budget for the biennium 1998-1999 in the amount of $152,900, as reflected in the report of the Secretary-General (A/C.5/53/2). There were thus no additional requirements as a result of the resolutions and decisions of the Economic and Social Council.

United Nations common system — Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission

2. At the 28th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that the statement submitted by the Secretary-General on the item (A/C.5/53/4) indicated financial implications for the United Nations common system amounting to approximately $9.8 million; the portion relating to the United Nations amounted to approximately $2,453,000. The Secretary-General had indicated that the amount would be included in the first performance report for the biennium 1998-1999. The Advisory Committee concurred in that approach.

Request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 1999

3. At the 28th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that the Advisory Committee recommended that the request made by the Board of Trustees of the United Nations Institute for Disarmament Research for a subvention of $213,000 for the work programme of the Institute for 1999 (A/C.5/53/29), an amount already allocated under the item in the programme budget for the biennium 1998-1999, should be approved.

Scale of assessments for the apportionment of the expenses of the United Nations

4. At the 29th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that, in accordance with draft resolution A/C.5/53/L.13, which the Fifth Committee was recommending for adoption under agenda item 118, the General Assembly would request the Committee on Contributions to hold a special one-week session as early as possible in 1999. Paragraph 4 of the statement by the Secretary-General on the programme budget implications of that draft resolution (A/C.5/53/35) indicated that total expenditure of $271,800 would arise, comprising $94,800 for travel and subsistence of members and $177,000 for conference services. Since the costs of conference services could be met from resources already programmed under the programme budget for the biennium 1998-1999, only the travel and subsistence expenses remained to be met. The Advisory Committee recommended that the Fifth Committee inform the Assembly that, should it adopt draft resolution

A/C.5/53/L.13, an additional amount of $94,800 would be required under section 1A, Overall policy-making, direction and coordination, of the programme budget for the biennium 1998-1999.

Programme budget implications of draft resolution A/53/L.22/Rev.2 concerning agenda item 44[1]

5. At the 33rd meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that in the statement submitted by the Secretary-General (A/C.5/53/33) on the programme budget implications of draft resolution A/53/L.22/Rev.2, he was proposing the continuation in 1999 of the arrangements already approved for 1998. That would require resources equivalent to one staff member at the P-4 level and one at the General Service level. The Advisory Committee concurred with the request made by the Secretary-General for an additional appropriation of $184,300 under section 3, Peacekeeping operations and special missions, of the programme budget for the biennium 1998-1999 should the General Assembly adopt the draft resolution.

Programme budget implications of draft resolution A/C.3/53/L.23 concerning agenda item 110 (a)[2]

6. At the 38th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that the statement submitted by the Secretary-General (A/C.5/53/37) indicated that the adoption of draft resolution A/C.3/53/L.23 by the General Assembly would give rise to expenditure in the amount of $33,200 under section 1B, General Assembly affairs and conference services, of the programme budget for the biennium 1998-1999 and $19,000 under section 22, Human rights. The latter amount represented subsistence allowances for 10 members of the Committee against Torture. The conference-servicing costs would be covered from resources already approved under the programme budget, and the additional $19,000 would be dealt with in accordance with the procedure for the use and operation of the contingency fund.

Programme budget implications of draft resolution A/C.3/53/L.18/Rev.1 concerning agenda item 108[3]

7. At the 38th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that the statement submitted by the Secretary-General (A/C.5/53/36) indicated that the adoption of draft resolution A/C.3/53/L.18/Rev.1 by the General Assembly would give rise to expenditure in the amount of $33,200 under section 22, Human rights, of the programme budget for the biennium 1998-1999 and $197,000 under section 1B, General Assembly affairs and conference services. The additional requirements of $33,200 under section 22, which represented subsistence allowances for 18 members of the Committee on the Elimination of Racial Discrimination, would be governed by the procedure for the use and operation of the contingency fund. The additional requirements for the

[1] The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development.

[2] Human rights questions: implementation of human rights instruments.

[3] Elimination of racism and racial discrimination.

biennium 2000-2001 would be reflected in the proposed programme budget for that biennium.

Impact of the implementation of pilot projects on budgetary practices and procedures

8. At the 39th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that the Advisory Committee had noted that the implementation of pilot projects had not been completed and that the Secretary-General would be reporting back to the Fifth Committee. The Advisory Committee had reviewed the note by the Secretary-General on the impact of pilot projects on budgetary practices and procedures (A/52/852) and concluded that the information contained therein was not sufficiently developed to enable the Advisory Committee to evaluate the results of the pilot project on human resources management and report on it to the General Assembly. It would return to the subject at its spring session in 1999, in connection with the proposed programme budget for the biennium 2000-2001.

Net budgeting, including its impact on the functioning of the entities concerned

9. At the 39th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that the Advisory Committee agreed with the recommendation made by the Secretary-General in paragraph 8 of his report on net budgeting, including its impact on the functioning of the entities concerned (A/53/410) that the General Assembly should take note of the report. The Advisory Committee would examine the United Nations experience with net budgeting in the context of its review of the proposed programme budget for the biennium 2000-2001.

Revised estimates for the United Nations Political Office in Bougainville

10. At the 44th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that the United Nations Political Office in Bougainville had been established on 1 July 1998 with the agreement of the Security Council. Paragraph 4 of the report of the Secretary-General on the matter (A/C.5/53/47) gave details of the resources allocated to the Office for 1998. The Security Council had agreed to an extension of the Office's mandate until 31 December 1999 and the Secretary-General had estimated the related cost at $1,395,300 for nine temporary posts and the operational activities connected with the Office. The Advisory Committee agreed with the request of the Secretary-General as set out in paragraphs 8 and 9 and with the procedures set out in paragraph 10 of his report.

Recosting of outstanding statements of programme budget implications and revised estimates

11. At the second part of the 45th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that, according to the report of the Secretary-General on the recosting of outstanding statements of programme budget implications and revised estimates (A/C.5/53/49), overall requirements for relevant sections of the programme budget for the biennium 1998-1999 affected would amount to $195,500. The Fifth Committee might wish to note

the recosting and to reflect the related adjustments in the revised appropriation for the biennium 1998-1999 to be recommended to the General Assembly.

Contingency fund: consolidated statement of programme budget implications and revised estimates

12. At the second part of the 45th meeting, the Chairman of the Advisory Committee on Administrative and Budgetary Questions said that, according to the report of the Secretary-General entitled "Contingency fund: consolidated statement of programme budget implications and revised estimates", the balance of the contingency fund for the biennium 1998-1999 was $18,754,800. The consolidated amount of $3,447,000 was therefore within the available balance. Should the Fifth Committee recommend to the General Assembly the appropriation of the required amounts under the relevant sections of the programme budget for the biennium 1998-1999, it should also request the Assembly to note that a balance of $15,307,800 would remain in the contingency fund.

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